File No. 120755 Committee Item No. 9
Board Item No. 18

# COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

**Committee:** Budget and Finance Sub-Committee **Date** 7/18/12

**Board of Supervisors Meeting** **Date** 7/24/12

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**Completed by:** Victor Young **Date** July 13, 2012
**Completed by:** Victor Young **Date** 7-19-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

FILE NO. 120755 RESOLUTION NO.

[Establishing Monthly Contribution Amount - Health Service Trust Fund]

**Resolution establishing monthly contribution amount to Health Service Trust Fund.**

WHEREAS, Under Section A8.423 of Appendix A to the City Charter, the Health Service Board (the "HS Board") is required to conduct a survey of the ten counties in the State of California, other than the City and County of San Francisco, having the largest populations to determine the average contribution made by each such county toward the providing of health care plans, exclusive of dental or optical care, for each employee of such county; and,

WHEREAS, Under Section A8.423, the HS Board is required to certify to the Board of Supervisors "the average contribution" as determined by the survey; and,

WHEREAS, According to the California Department of Finance, the ten most populous counties in the State of California other than San Francisco (in descending order of population) are: Los Angeles, San Diego, Orange, Riverside, San Bernardino, Santa Clara, Alameda, Sacramento, Contra Costa and Fresno (collectively, the "Survey Counties"); and,

WHEREAS, According to the survey of each of the Survey Counties which was completed on June 14, 2012, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 120755, which is hereby declared to be a part of this resolution as if set forth fully herein, the HS Board has determined that "the average contribution" is the sum of **five hundred thirty-four dollars and seventy-eight cents ($534.78);** and,

WHEREAS, The HS Board has certified "the average contribution" to the Board of Supervisors as required by Charter Section A8.423; now, therefore, be it

RESOLVED, That the certification by the HS Board of "the average contribution" is hereby accepted and shall constitute the monthly amount to be contributed to the Health Service Trust Fund for Plan Year starting January 1, 2013 and ending December 31, 2013.

| Items 8 and 9<br>Files 12-0754 and 12-0755 | Department<br>Health Service System (HSS) |
|---|---|

## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed ordinance (File 12-0754) would amend Administrative Code Section 16.703, establishing the Health Service System's calendar year (CY) 2013 health, vision, and dental plans and premiums.
- The proposed resolution (File 12-0755) would approve the CY 2013 employers' health plan premium contribution of $534.78 per member per month.

### Fiscal Impact

- Under Proposition C, approved by the voters in November 2011, the Health Service System will implement health plans on the calendar year rather than the fiscal year, as of January 1, 2013. In order to implement Proposition C, the Board of Supervisors previously approved Health Service System health plans and premiums for the six-month period from July 1, 2012 through December 31, 2012 (Files 12-0050 and 12-0051).
- The total costs for the City, employees, retirees, and their dependents of $591,749,136 in CY 2013 for the health, vision, and dental plans, and long-term disability and life insurance is $8,040,874 or 1.4% more than the annualized costs for these plans of $583,708,262 from July 1, 2012 through December 31, 2012.
- The City's contribution per employee toward the total monthly premium in CY 2013 is $534.78, which is $11.81 or 2.3% more than the City's contribution of $522.97 from July 1, 2012 through December 31, 2012.

### Policy Issues

- The Health Service Board has proposed changing the Blue Shield HMO plan from a fully-insured plan to a flex funded plan. The flex funded plan differs from the fully-insured plan in that (1) under the fully-insured plan, Blue Shield pays all covered claims, while (2) under the flex funded plan, the Health Service System is responsible for paying aggregate claims that exceed the Blue Shield premium payments made by the City and employees. The Health Service System's responsibility for paying aggregate claims exceeding premium payments is capped at 125% of the total amount of the premium payments. The Health Service Board has recommended the Blue Shield flex funded plan in order to reduce the increase in the Health Service System's employers', employees' and retirees' CY 2013 premium costs.
- Although the Blue Shield flex funded plan could result in savings to the Health Service System, the flex funded plan also transfers financial risk to the Health Service System if aggregate claims costs exceed premium payments to Blue Shield. Therefore, the Budget Analyst considers approval of the proposed Blue Shield flex funded plan in CY 2013 to be a policy matter for the Board of Supervisors.

**Recommendations**

- Approve Resolution 12-0755, setting the City's CY 2013 health plan premium contribution.
- Except for the Blue Shield flex funded plan, approve Ordinance 12-0754, establishing the Health Service System's plans and premiums for the Kaiser Health Plan, the City Health Plan, the vision plans, and the dental plans, and life insurance and long term disability payments.
- Approval of the Blue Shield flex funded plan under Ordinance 12-0754 is a policy matter for the Board of Supervisors.

## MANDATE STATEMENT/BACKGROUND

The Health Service Board oversees the Health Service System. The Health Service System administers non-pension benefits, including health, dental, vision, and other benefits that may be available to City employees, such as life and long term disability insurance.

The Health Service Board adopts the annual health, vision, and dental plans, and the respective plan premiums and premium equivalents paid by employers and members.

- Health Service System employers include the City and County of San Francisco ("City"), the San Francisco Unified School District (SFUSD), the San Francisco Community College District (CCD), and the San Francisco Superior Court (Superior Court).

- Health Service System members are active and retired employees of the above noted employers, their dependents, and members of eligible boards and commissions. Dependents include children, spouses, domestic partners, surviving spouses of deceased employees, and other legal dependents.

Under City Charter Section A8.423, the Health Service Board is required to (a) conduct a survey of the ten most populous California counties each year, excluding San Francisco, and (b) determine and set the health plan premiums paid by the City, employees, and retirees. The City's contribution to the health plan premiums for each plan member is equal to the average of the contributions made by each of the ten counties.

**Proposition C**

Under Proposition C, approved by San Francisco voters in November 2011, the Health Service Board had the option of changing the health plan year from the fiscal year to the calendar year. The Health Service Board adopted the calendar plan year in order to be eligible for other funds, such as the Federal Retiree Drug Subsidies, and to streamline some compliance and administration functions. In order to implement the revised health plan year, the Board of Supervisors previously approved a short plan year from July 1, 2012 through December 31, 2012

(Files 12-0051 and 12-0050). The Health Service Board is now requesting approval for the City's calendar year (CY) 2013 health, vision, and dental plans as discussed in detail below.

## DETAILS OF PROPOSED LEGISLATION

File 12-0754: The proposed ordinance would amend Administrative Code Section 16.703 to (a) approve the Health Service Systems' CY 2013 health, vision, and dental plans and premiums, and life insurance and long term disability insurance.

File 12-0755: The proposed resolution would approve the CY 2013 City's health plan premium contribution of $534.78 per member per month.

### Proposed Health and Vision Plans

The Health Service Board approved the Health Service System's various proposed health, vision and dental plans and monthly premiums for CY 2013 on April 12, 2012, May 10, 2012, June 1, 2012, June 14, 2012 and July 3, 2012. The Health Service System will continue to offer in calendar year 2013 the three health plans currently offered, as follows.

Kaiser Foundation Health Plan (Health Maintenance Organization or HMO)[1]

The Health Service Board adopted no plan design changes to the Kaiser HMO.

Blue Shield of California (Blue Shield) HMO

The Health Service Board adopted no plan design changes to the Blue Shield HMO.

City Plan Preferred Provider Organization (PPO)[2]

The City Plan is a self-funded plan administered by United HealthCare (UHC). The Health Service Board adopted plan design changes to the City Plan in CY 2013, as follows:

(1) The Health Service Board extended the time period for plan participants to meet annual deductible and out-of-pocket cost limits in CY 2013 by three months, from October 1, 2012 through December 31, 2012. This allows plan participants to apply a portion of the deductibles and out-of-pocket costs incurred during the previous short plan year from July 1, 2012 through December 31, 2012 to costs incurred in CY 2013. Extending the time period to apply deductible and out-of-pocket costs results in estimated cost increases to the City Plan of $969,000, of which $740,000 will be paid by the employers, including the City, and $229,000 will be paid by plan participants.

(2) The Health Service Board approved changing the Medicare pharmacy plan to a Federal Centers for Medicare and Medicaid Services (CMS) subsidized Employer Group Waiver

[1] An HMO offers care through a closed panel of providers, in which members select a primary care physician, who coordinate care to direct access to medical services.
[2] Under a PPO, physicians, hospitals, and other providers contract with a third-party administrator or insurer to provide health care at reduced rates to members.

Plan (EGWP) from the current Retired Drug Subsidy plan. Health Service System is expected to achieve $2,325,000 in annual savings under the Employer Group Waiver Plan. Under the EGWP plan, the Health Service Board approved reducing the number of drugs eligible for reimbursement under the City Plan's formulary by 14. Current City Plan participants who use these 14 drugs would continue to be eligible for reimbursement.

Vision Plans

Members enrolled in one of the three health plans receive vision benefits through VSP, a third party insurer. Monthly premium costs for vision plans are included in the monthly health plan premiums shown in Table 1 below.

## Health Plan Premium Increases

Total monthly premiums for single employees (with no dependents), participating in the three health plans in CY 2013 will increase by 1.3% to 6.4%, as shown in Table 1 below. Details of premium increases for all employees and retirees are contained in the July 9, 2012 memorandum to the Board of Supervisors, provided by the Health Service System Director.

**Table 1**
**Total Monthly Health Plan Premium for Single Employees in CY 2013**

| | Proposed CY 2013 | July 1, 2012 through December 31, 2012 | Increase | Percent Change |
|---|---|---|---|---|
| City Health Plan | $1,258.97 | $1,237.46 | $21.51 | 1.7% |
| Kaiser | $537.02 | $530.01 | $7.01 | 1.3% |
| Blue Shield | $647.16 | $608.43 | $38.73 | 6.4% |

The City's Monthly Premium Costs

The City's contribution per employee toward the total monthly health plan premium is based on a survey of California's 10 most populous counties, as required by the Charter. The City's contribution per employee toward the total monthly premium in CY 2013 is $534.78, which is $11.81 or 2.3% more than the City's contribution of $522.97 from July 1, 2012 through December 31, 2012. The Attachment provides the results of the 10-county survey.

Blue Shield Premium Stabilization

The Health Service System received a credit from Blue Shield of $18.9 million in 2012 as part of Blue Shield's 2 Percent Pledge program, in which Blue Shield credits customer's net income exceeding 2% of revenue. The Health Service Board approved use of $5.2 million of the $18.9 million credit to stabilize premiums for dependents and reduce the impact of Blue Shield premium increases from July 1, 2012 through December 31, 2012, leaving a balance of $13.7 million.

In order to reduce proposed Blue Shield premium increases in CY 2013 and stabilize membership, the Health Service Board has approved (1) using $5.0 million of the unexpended balance of $13.7 million to offset premium costs for dependents, and (2) moving active employees and non-Medicare retirees from a fully insured HMO to a "flex funded" health plan, as discussed in the Policy Consideration section below.

City Health Plan Premiums

The City Health Plan is self-funded. Premiums are deposited into the Health Service System Trust Fund and used to pay claims. Monthly premium amounts are based on claims experience for each type of plan member: active employees, retirees with Medicare, and retirees without Medicare. In CY 2013, City Health Plan premiums include the costs savings noted above, and cost increases due to the 3-month extension for deductibles and out-of-pocket costs, noted above.

*Contingency and Stabilization Amounts*

The Health Service System also sets aside a portion of the Health Service System Trust Fund balance[3] to (a) provide contingencies for the self-funded City Plan and self-funded dental plan, Delta Dental PPO; and (b) stabilize the City Plan and employees' dental plan premium increases by including prior years' premium revenue surpluses or shortfalls when calculating required premiums in the new plan year.

The CY 2013 contingency amount, as calculated by the Health Service System's actuary, Aon Hewitt, is $10,900,000, of which $7,200,000 is the City Health Plan contingency and $3,700,000 is the Delta Dental PPO contingency.

The CY 2013 stabilization amount is $38,000.

## Proposed Dental Plans

The Health Service System offers three dental plans, including one PPO, Delta Dental PPO, and two HMOs, Delta Care USA and Pacific Union Dental. The Health Service Board has recommended the following changes to the Delta Dental PPO plan:

(1) Members' payments for dental exams, x-rays, and cleanings for providers not in the PPO network were increased from 0% to 20% of billed services;

(2) Members' payments for extractions, fillings, endodontic/root canal procedures, and oral surgery for providers not in the PPO network were increased from 20% to 40% of billed services;

(3) Members' payments for crowns and cast restorations for providers not in the PPO network were increased from 20% to 50% of billed services;

(4) Lifetime maximum benefits for child orthodontics were decreased from $2,500 to $2,000 for Premier network providers[4] and $1,500 for out-of-network providers; and

[3] As of May 2012 the Health Service System Trust Fund balance was $57.1 million.
[4] Delta Dental has three contracted networks: Premier, PPO, and PPO plus Premier.

(5) Lifetime maximum benefits for adult orthodontics were decreased from $2,500 to $1,500 for PPO network providers, $1,000 for Premier network providers, and $500 for out-of-network providers.

The changes above are expected to achieve $591,000 in annual savings. The City contributes the full monthly premium for active employees for the two HMOs. The City contributes a portion of the monthly premium for active employees for Delta Dental PPO, as shown in Table 2 below. The City does not contribute to the monthly dental premium for retired employees.

**Table 2**
**Total Monthly Dental Premiums**

| | CY 2013 | July 1, 2012 to December 31, 2012 | Increase/ Decrease | Percent |
|---|---|---|---|---|
| **Delta Care USA HMO** | | | | |
| Single Employee | $26.00 | $26.00 | $0.00 | 0.0% |
| Employee + One Dependent | $42.90 | $42.90 | $0.00 | 0.0% |
| Employee + Two or More Dependents | $63.45 | $63.45 | $0.00 | 0.0% |
| **Pacific Union Dental HMO** | | | | |
| Single Employee | $27.80 | $27.80 | $0.00 | 0.0% |
| Employee + One Dependent | $45.90 | $45.90 | $0.00 | 0.0% |
| Employee + Two or More Dependents | $67.86 | $67.86 | $0.00 | 0.0% |
| **Delta Dental PPO** | | | | |
| Single Employee (Total Premium) | $63.47 | $64.35 | ($0.88) | (1.4%) |
| Less Employee Contribution | ($5.00) | ($5.00) | $0.00 | 0.0% |
| City's Contribution | $58.47 | $59.35 | ($0.88) | (1.5%) |
| Employee + One Dependent (Total Premium) | $133.29 | $135.14 | ($1.85 ) | (1.4%) |
| Less Employee Contribution | ($10.00) | ($10.00) | $0.00 | 0.0% |
| City's Contribution | $123.29 | $125.14 | ($1.85) | (1.5%) |
| Employee + Two or More Dependents (Total Premium) | $190.42 | $193.06 | ($2.64) | (1.4%) |
| Less Employee Contribution | ($15.00) | ($15.00) | $0.00 | 0.0% |
| City's Contribution | $175.42 | $178.06 | ($2.64) | (1.5%) |

### Life and Long Term Disability Insurance

The Health Service System selected Aetna Life Insurance Company through a Request for Proposal (RFP) process to provide life and long term disability insurance to City employees eligible for coverage through the Memoranda of Understanding between the City and the respective unions.

## FISCAL ANALYSIS

As shown in Table 3 below, the total City, employee, and retiree costs for the health, vision, and dental plans, and long-term disability and life insurance will increase by $8,040,874, or 1.4%, from $583,708,262 for July 1, 2012 through December 31, 2012 (annualized) to $591,749,136 in

CY 2013.[5] Attachment II, provided by the Health Service System, gives cost details for the City and for employees and retirees.

**Table 3**
**Total Health and Other Plan Costs for the City, Employees, and Retirees in CY 2013 Compared to Annualized Costs for the Six-Month Period from July 2012 through December 2012**

| | 2012 (July 1, 2012 through December 31, 2012 annualized) | CY 2013 (January 1, 2013 through December 31, 2012) | Total Costs Increase/ (Decrease) | Percent |
|---|---|---|---|---|
| Kaiser HMO | $232,160,501 | $234,735,416 | $2,574,914 | 1.1% |
| Blue Shield HMO | 251,104,950 | 258,173,555 | 7,068,605 | 2.8% |
| City Plan | 59,476,200 | 60,288,439 | 812,240 | 1.4% |
| Subtotal Health and Vision Plan | 542,741,651 | 553,197,410 | 10,455,759 | 1.9% |
| Dental Plans | 34,166,319 | 33,705,642 | (460,678) | (1.3%) |
| Long Term Disability and Life Insurance | 6,800,292 | 4,846,084 | (1,954,208) | (28.7%) |
| **Total City, Employees, and Retirees** | **$583,708,262** | **$591,749,136** | **$8,040,874** | **1.4%** |

## POLICY CONSIDERATION

**The Health Service Board has proposed changing the Blue Shield HMO plan from a fully insured plan to a flex funded plan.**

The flex funded plan differs from the fully-insured plan in that (1) under the fully insured plan, Blue Shield pays all covered claims, while (2) under the flex funded plan, the Health Service System is responsible for paying aggregate claims that exceed Blue Shield premium payments made by the City and employees. Under the proposed flex funded plan, the Health Service System would pay for aggregate claims costs that are more than 100% of premium payments to Blue Shield up to a cap of 125%[6].

According to Dr. Catherine Dodd, Health Service System Director, the $5 million stabilization payment (see above) combined with the flex funded plan will reduce the amount of Blue Shield premium cost increases that the City and employees would have otherwise paid. The Health Service System estimates that CY 2013 total premium cost increases for the flex funded plan are $20.7 million less than for the fully-insured plan, as shown in Table 4 below.

[5] City costs are funded by General Fund and non-General Fund sources.
[6] For example, if the City's premium payments to Blue Shield, including employer and employee payments, were $200 million in CY 2013, the Health Service System would be responsible for paying aggregate claim costs that exceed $200 million up to a cap of $250 million.

**Table 4**
**Comparison of Blue Shield Cost Increases under Fully Funded and Flex Funded Plan For All Health Service System Employers and Members**

| | Estimated CY 2013 Premium Increase[1] | | |
|---|---|---|---|
| | **Fully Funded Plan** | **Flex Funded Plan** | **Savings Under Flex Funded Plan** |
| Employer Costs | $14,900,000 | $2,000,000 | $12,900,000 |
| Member Costs | 14,900,000 | 7,100,000 | 7,800,000 |
| Total | $29,800,000 | $9,100,000 | $20,700,000 |

Source: Health Service System Report to the July 3, 2012 Health Service Board

[1] Includes $5 million stabilization amount

In order to meet potential claims costs that exceed premium payments, the Health Service System actuary, Aon Hewitt, has proposed reserves totaling $24 million, including a claim stabilization reserve of $7 million from the unexpended balance of the 2012 Blue Shield credit, and an additional reserve of $17 million that will be funded over time from excess premiums collected for the Blue Shield plan over claims.

The Health Service System previously offered a flex funded health plan through PacifiCare from July 1, 2007 through June 30, 2009, in which the City was responsible for paying claims that exceeded premium payments to PacifiCare. According to the Health Service System, PacifiCare underestimated the claims costs for active employees and non-Medicare retirees and set premiums too low. As a result, PacifiCare collected $83 million in premiums and spent $105 million in claims, a shortfall of $22 million from July 1, 2007 through June 30, 2009. Under the flex funded plan, the City was responsible for paying the $22 million shortfall in premiums compared to claims. In order to increase the Health Service System Trust Fund balance sufficiently to pay the $22 million shortfall when the City terminated the PacifiCare flex funded plan, the City increased premiums to Blue Shield, Kaiser and the City Health Plan members from 2009 to 2012.

According to Dr. Dodd, the Health Service System will be better able to manage the Blue Shield flex funded plan than the Health Service System was able to manage the PacifiCare flex funded plan because implementation of the Blue Shield Accountable Care Organizations[7] have resulted in decreased utilization and claims costs. Additionally, the Blue Shield flex funded plan will be the only HMO offered other than the Kaiser Health Plan HMO, whereas when PacifiCare was

[7] Under Accountable Care Organization programs, insurers provide incentives to providers through shared savings programs for improving the quality of care and reducing costs. Quality and costs of care are monitored through utilization data, case management, and other protocols.

the offered flex plan, the Health Service System also offered the Blue Shield HMO and the Kaiser Health Plan HMO.

Although the Blue Shield flex funded plan could result in savings to the Health Service System, the flex funded plan also transfers financial risk to the Health Service System if claims costs exceed premium payments to Blue Shield. Therefore, the Budget Analyst considers approval of the proposed Blue Shield flex funded plan in CY 2013 to be a policy matter for the Board of Supervisors.

## RECOMMENDATIONS

- Approve Resolution 12-0755, setting the City's CY 2013 health plan premium contribution.
- Except for the Blue Shield flex funded plan, approve Ordinance 12-0754, establishing the Health Service System's plans and premiums for the Kaiser Health Plan, the City Health Plan, the vision plans, and the dental plans, and life insurance and long term disability payments.
- Approval of the Blue Shield flex funded plan under Ordinance 12-0754 is a policy matter for the Board of Supervisors.

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### Average of Employer Contributions

| Rank | County | 2003 2004 | 2004 2005 | 2005 2006 | 2006 2007 | 2007 2008 | 2008 2009 | 2009 2010 | 2010 2011 | 2011 2012 | 2012 Jul-Dec | 3 Yr Annual Trend | Trend Factor | 2013 Result |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Los Angeles | 272.27 | 276.16 | 316.07 | 338.55 | 362.55 | 383.10 | 415.91 | 457.56 | 478.56 | 499.57 | 6.3% | 1.03 | 515.07 |
| 2 | San Diego | 207.95 | 262.38 | 267.86 | 363.48 | 305.87 | 327.00 | 363.48 | 364.00 | 406.00 | 432.20 | 5.9% | 1.03 | 444.86 |
| 3 | Orange | 383.50 | 395.83 | 374.13 | 380.63 | 387.92 | 338.64 | 372.44 | 383.75 | 434.41 | 485.10 | 9.2% | 1.05 | 506.94 |
| 4 | Riverside | 275.61 | 317.55 | 364.69 | 391.53 | 462.05 | 469.65 | 491.27 | 488.44 | 513.02 | 537.43 | 3.0% | 1.02 | 545.54 |
| 5 | San Bernardino[1] | 242.53 | 298.45 | 333.57 | 299.72 | 313.73 | 368.67 | 377.35 | 397.51 | 399.70 | 398.98 | 1.9% | 1.00 | 398.98 |
| 6 | Santa Clara[1] | 288.18 | 342.10 | 382.32 | 438.49 | 479.93 | 515.52 | 563.19 | 608.44 | 655.97 | 643.13 | 4.5% | 1.00 | 643.13 |
| 7 | Alameda | 265.38 | 276.28 | 316.40 | 342.11 | 398.35 | 440.58 | 497.76 | 521.89 | 541.06 | 575.00 | 4.9% | 1.02 | 588.99 |
| 8 | Sacramento | 308.98 | 315.25 | 363.89 | 422.13 | 480.54 | 480.76 | 516.78 | 561.35 | 637.98 | 667.02 | 8.9% | 1.04 | 696.00 |
| 9 | Contra Costa | 267.55 | 299.35 | 336.62 | 366.77 | 407.86 | 438.47 | 470.02 | 495.15 | 521.90 | 540.43 | 4.8% | 1.02 | 553.15 |
| 10 | Fresno | 300.16 | 345.67 | 399.71 | 390.06 | 432.64 | 425.58 | 425.43 | 450.43 | 450.80 | 450.80 | 1.9% | 1.01 | 455.17 |
| | **Average** | **281.21** | **312.90** | **345.53** | **373.45** | **403.14** | **418.80** | **449.37** | **472.85** | **503.94** | **522.97** | **5.2%** | **1.02** | **534.78** |

### Increase Over Prior Year

| Rank | County | 2003 2004 | 2004 2005 | 2005 2006 | 2006 2007 | 2007 2008 | 2008 2009 | 2009 2010 | 2010 2011 | 2011 2012 | 2012 Jul-Dec | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Los Angeles | 8.49% | 1.43% | 14.45% | 7.11% | 7.09% | 5.67% | 8.57% | 10.01% | 4.60% | 4.39% | 3.10% |
| 2 | San Diego | 15.55% | 26.17% | 2.09% | 35.70% | -15.85% | 6.91% | 11.16% | 0.14% | 11.50% | 6.45% | 2.93% |
| 3 | Orange | -1.89% | 3.22% | -5.48% | 1.74% | 1.92% | -12.70% | 9.98% | 3.04% | 13.20% | 11.67% | 4.50% |
| 4 | Riverside | 23.19% | 15.22% | 14.84% | 7.36% | 18.01% | 1.65% | 4.60% | -0.57% | 5.00% | 4.76% | 1.51% |
| 5 | San Bernardino[1] | 8.59% | 23.06% | 11.77% | -10.15% | 4.67% | 17.51% | 2.35% | 5.34% | 0.60% | -0.18% | 0.00% |
| 6 | Santa Clara[1] | 21.73% | 18.71% | 11.76% | 14.69% | 9.45% | 7.42% | 9.25% | 8.04% | 7.80% | -1.96% | 0.00% |
| 7 | Alameda | 21.57% | 4.11% | 14.52% | 8.13% | 16.44% | 10.60% | 12.98% | 4.85% | 3.70% | 6.27% | 2.43% |
| 8 | Sacramento | 18.91% | 2.03% | 15.43% | 16.00% | 13.84% | 0.05% | 7.49% | 8.62% | 13.70% | 4.55% | 4.34% |
| 9 | Contra Costa | 27.50% | 11.89% | 12.45% | 8.96% | 11.20% | 7.51% | 7.20% | 5.35% | 5.40% | 3.55% | 2.35% |
| 10 | Fresno | 9.81% | 15.16% | 15.63% | -2.41% | 10.92% | -1.63% | -0.03% | 5.87% | 0.10% | 0.00% | 0.97% |
| | **Average** | **13.99%** | **11.27%** | **10.43%** | **8.05%** | **7.98%** | **3.88%** | **7.30%** | **5.23%** | **6.57%** | **3.78%** | **2.26%** |

[1]Plan year's for these counties are not calendar year. Contributions for these counties are for the last 6 months of the calendar year and first 6 months of the next year.



Attachment I

**Calendar Year 2013 City and County of San Francisco (City) Employer, Employee, and Retiree Premium Costs**

| | 2012 (July 1, 2012 through December 31, 2012 annualized) | 2013 (January 1, 2013 through December 31, 2012) | Increase/ (Decrease) | Percent |
|---|---|---|---|---|
| **City Costs** | | | | |
| Kaiser HMO | $210,568,789 | $213,512,253 | $2,943,463 | 1.4% |
| Blue Shield HMO | 214,945,137 | 220,221,904 | 5,276,767 | 2.5% |
| City Plan | 47,381,423 | 48,002,758 | 621,335 | 1.3% |
| Subtotal Health and Vision Plan | 472,895,349 | 481,736,914 | 8,841,565 | 1.9% |
| Dental Plans | 31,584,164 | 31,123,486 | (460,678) | (1.5%) |
| Long Term Disability and Life Insurance | 6,729,515 | 4,784,845 | (1,944,670) | (28.9%) |
| **Total City Costs** | **$511,209,028** | **$517,645,245** | **$6,436,217** | **1.3%** |
| **Employee and Retiree Costs** | | | | |
| Kaiser HMO | $21,591,712 | $21,223,163 | ($368,549) | (1.7%) |
| Blue Shield HMO | 36,159,813 | 37,951,651 | 1,791,838 | 5.0% |
| City Plan | 12,094,777 | 12,285,682 | 190,905 | 1.6% |
| Subtotal Health and Vision Plan | 69,846,301 | 71,460,496 | 1,614,194 | 2.3% |
| Dental Plans | 2,582,155 | 2,582,155 | 0 | 0.0% |
| Long Term Disability and Life Insurance | 70,777 | 61,240 | (9,537) | (13.5%) |
| **Total Employee and Retiree Costs** | **$72,499,234** | **$74,103,891** | **$1,604,657** | **2.2%** |
| **Total Costs** | | | | |
| Kaiser HMO | $232,160,501 | $234,735,416 | $2,574,914 | 1.1% |
| Blue Shield HMO | 251,104,950 | 258,173,555 | 7,068,605 | 2.8% |
| City Plan | 59,476,200 | 60,288,439 | 812,240 | 1.4% |
| Subtotal Health and Vision Plan | 542,741,651 | 553,197,410 | 10,455,759 | 1.9% |
| Dental Plans | 34,166,319 | 33,705,642 | (460,678) | (1.3%) |
| Long Term Disability and Life Insurance | 6,800,292 | 4,846,084 | (1,954,208) | (28.7%) |
| **Total Costs** | **$583,708,262** | **$591,749,136** | **$8,040,874** | **1.4%** |

Source: Health Service System

Health Service System
CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

# Memorandum

DATE: July 9, 2012

TO: Supervisor Carmen Chu
Board of Supervisors

FROM: Catherine J. Dodd, PhD, RN
Director, Health Service System

RE: Annual Certification of 10-County Amount Pursuant to Section A8.423 of Appendix A to the City Charter – Plan Year 2013

---

Attached are the following documents relating to the above matter:

1. Certification to the Board of Supervisors, pursuant to Section A8.423 of Appendix A to the City Charter, of "the Average Contribution" as Determined by the Ten-County Survey Required under Such Charter Section, as adopted by the Health Service Board on June 14, 2012; and
2. Proposed Resolution Establishing Monthly Contribution Amount to Health Service Trust Fund.

We are happy to provide you with any additional reports or materials you may need in connection with the enclosed ordinance.

Attach.

cc: Members, Health Service Board (w/electronic attach.) (via email)
Erik Rapoport (w/electronic attach.) (via email)
Ben Rosenfield (w/electronic attach.) (via email)
Anil Kochhar (w/electronic attach.) (via email)
Tracey Loveridge (w/electronic attach.) (via email)

120755

1145 Market Street, 2ND Floor
San Francisco, CA 94103

Phone: (415) 554-1750
(800) 541-2266

Fax: (415) 554-1721

[2013 Certification of "the Average Contribution" Under Ten-County Survey]

CERTIFICATION TO THE BOARD OF SUPERVISORS, PURSUANT TO SECTION A8.423 OF APPENDIX A TO THE CITY CHARTER, OF "THE AVERAGE CONTRIBUTION" AS DETERMINED BY THE TEN-COUNTY SURVEY REQUIRED UNDER SUCH CHARTER SECTION.

WHEREAS, Pursuant to Section A8.423 of Appendix A to the City Charter, the Health Service Board (the "Board") is required to conduct a survey of the ten counties in the State of California, other than the City and County of San Francisco, having the largest populations to determine the average contribution made by each such county toward the providing of health care plans, exclusive of dental or optical care, for each employee of such county; and

WHEREAS, Pursuant to such Charter Section, the Board is required to certify to the Board of Supervisors "the average contribution" (as such term is defined in such Charter Section) as determined by such survey; and

WHEREAS, According to the State of California Department of Finance, the ten most populous counties in the State of California other than San Francisco (in descending order of population) are: Los Angeles, San Diego, Orange, Riverside, San Bernardino, Santa Clara, Alameda, Sacramento, Contra Costa and Fresno (collectively, the "Survey Counties"); and

WHEREAS, Under the survey of each of the Survey Counties which was completed on June 14, 2012 (a copy of which is attached as Exhibit A hereto and made a part hereof), the Board has determined that "the average contribution" is the sum of **five hundred thirty-four dollars and seventy-eight cents ($534.78)**; and

WHEREAS, The Board desires to certify "the average contribution" to the Board of Supervisors as required under Section A8.423 of Appendix A to the City Charter; now, therefore, be it

RESOLVED, That the Board hereby certifies to the Board of Supervisors that (a) the Board has conducted and completed as of June 14, 2012, a survey of the Survey Counties as required under Section A8.423 of Appendix A to the City Charter; and (b) "the average contribution" (as such term is defined in such Charter Section) determined under such survey is the sum of **five hundred thirty-four dollars and seventy-eight cents ($534.78)**; and, be it

FURTHER RESOLVED, That the Board hereby authorizes the Director of the Health Service System, to provide to or to execute and deliver to the Board of Supervisors, on behalf of the Board, such further information, certificates, assurances or other documents as the Board of Supervisors may require in connection with the current survey and certification required under Section A8.423 of Appendix A to the City Charter.

**EXHIBIT A**

Copy of Survey

**Process**

The City Charter specifies that the City and County of San Francisco survey the ten most populous counties in California and collect, for each county, the amount contributed by the employer for employee-only coverage under each of the county's medical plans. The City is obligated by Charter to contribute the 10-County Survey amount toward the cost of employees' medical benefits.

The information gathered from the 10-County Survey is used to compute an average increase in employer contributions for each county. HSS then average these averages to arrive at the 10-County Survey amount. To put the county contribution amounts into context, HSS also collects information on premium increases and plan design data such as employee co-pays and contributions toward physician office visits, emergency room care, hospital stays, prescriptions and deductibles.

With the passage of 2011 Proposition C, the Health Service Board approved a change to a calendar-based plan year, effective January 2013. At the April 12, 2012 meeting the Board approved the 10-County Survey Calendar Year Change Rule. This rule adjusts for gaps in 10-County data, by projecting a six-month overlap when data is not available from a surveyed county. Using this rule, a county's employer contribution for employee-only coverage is projected. The county's 10-County result for the previous year is trended forward six months, based on the county's average annual increase for the preceding three years.

There were no changes to the plan design data collected for the short plan year, July–December 2012, and the plan design data collected for the 2013 plan year. (This short plan year was required in order to make the transition to a calendar-based plan year.) However, this same plan design data is provided in this report for reference. Additionally, plan design data for CalPERS and HSS is included for informational purposes only; CalPERS and HSS data is not included in the 10-County Survey.

**Results and Observations**

The average monthly contribution of $534.78 for plan year 2013 is 2.26% above $522.97, the 10-County average for the July to December 2012 short plan year. By calculating the compound impact of the 2.26% increase and the 3.78% increase for the July to December 2012 short plan year, the actuary Aon Hewitt arrived at a 12-month increase of 6.13%. This is in line with historic 10-County Survey trends.

There were no changes in contributions gathered for the 10-County survey for the 2013 plan year when compared to the data collected for the July–December 2012 plan year. The increase is solely the result of trending forward six months according to the 10-County Survey Calendar Year Change Rule.

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### Average of Employer Contributions

| Rank | County | 2003 2004 | 2004 2005 | 2005 2006 | 2006 2007 | 2007 2008 | 2008 2009 | 2009 2010 | 2010 2011 | 2011 2012 | 2012 Jul–Dec | 3 Yr Annual Trend | Trend Factor | 2013 Result |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Los Angeles | 272.27 | 276.16 | 316.07 | 338.55 | 362.55 | 383.10 | 415.91 | 457.56 | 478.56 | 499.57 | 6.3% | 1.03 | 515.07 |
| 2 | San Diego | 207.95 | 262.38 | 267.86 | 363.48 | 305.87 | 327.00 | 363.48 | 364.00 | 406.00 | 432.20 | 5.9% | 1.03 | 444.86 |
| 3 | Orange | 383.50 | 395.83 | 374.13 | 380.63 | 387.92 | 338.64 | 372.44 | 383.75 | 434.41 | 485.10 | 9.2% | 1.05 | 506.94 |
| 4 | Riverside | 275.61 | 317.55 | 364.69 | 391.53 | 462.05 | 469.65 | 491.27 | 488.44 | 513.02 | 537.43 | 3.0% | 1.02 | 545.54 |
| 5 | San Bernardino[1] | 242.53 | 298.45 | 333.57 | 299.72 | 313.73 | 368.67 | 377.35 | 397.51 | 399.70 | 398.98 | 1.9% | 1.00 | 398.98 |
| 6 | Santa Clara[1] | 288.18 | 342.10 | 382.32 | 438.49 | 479.93 | 515.52 | 563.19 | 608.44 | 655.97 | 643.13 | 4.5% | 1.00 | 643.13 |
| 7 | Alameda | 265.38 | 276.28 | 316.40 | 342.11 | 398.35 | 440.58 | 497.76 | 521.89 | 541.06 | 575.00 | 4.9% | 1.02 | 588.99 |
| 8 | Sacramento | 308.98 | 315.25 | 363.89 | 422.13 | 480.54 | 480.76 | 516.78 | 561.35 | 637.98 | 667.02 | 8.9% | 1.04 | 696.00 |
| 9 | Contra Costa | 267.55 | 299.35 | 336.62 | 366.77 | 407.86 | 438.47 | 470.02 | 495.15 | 521.90 | 540.43 | 4.8% | 1.02 | 553.15 |
| 10 | Fresno | 300.16 | 345.67 | 399.71 | 390.06 | 432.64 | 425.58 | 425.43 | 450.43 | 450.80 | 450.80 | 1.9% | 1.01 | 455.17 |
| | **Average** | **281.21** | **312.90** | **345.53** | **373.45** | **403.14** | **418.80** | **449.37** | **472.85** | **503.94** | **522.97** | **5.2%** | **1.02** | **534.78** |

### Increase Over Prior Year

| Rank | County | 2003 2004 | 2004 2005 | 2005 2006 | 2006 2007 | 2007 2008 | 2008 2009 | 2009 2010 | 2010 2011 | 2011 2012 | 2012 Jul–Dec | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Los Angeles | 8.49% | 1.43% | 14.45% | 7.11% | 7.09% | 5.67% | 8.57% | 10.01% | 4.60% | 4.39% | 3.10% |
| 2 | San Diego | 15.55% | 26.17% | 2.09% | 35.70% | -15.85% | 6.91% | 11.16% | 0.14% | 11.50% | 6.45% | 2.93% |
| 3 | Orange | -1.89% | 3.22% | -5.48% | 1.74% | 1.92% | -12.70% | 9.98% | 3.04% | 13.20% | 11.67% | 4.50% |
| 4 | Riverside | 23.19% | 15.22% | 14.84% | 7.36% | 18.01% | 1.65% | 4.60% | -0.57% | 5.00% | 4.76% | 1.51% |
| 5 | San Bernardino[1] | 8.59% | 23.06% | 11.77% | -10.15% | 4.67% | 17.51% | 2.35% | 5.34% | 0.60% | -0.18% | 0.00% |
| 6 | Santa Clara[1] | 21.73% | 18.71% | 11.76% | 14.69% | 9.45% | 7.42% | 9.25% | 8.04% | 7.80% | -1.96% | 0.00% |
| 7 | Alameda | 21.57% | 4.11% | 14.52% | 8.13% | 16.44% | 10.60% | 12.98% | 4.85% | 3.70% | 6.27% | 2.43% |
| 8 | Sacramento | 18.91% | 2.03% | 15.43% | 16.00% | 13.84% | 0.05% | 7.49% | 8.62% | 13.70% | 4.55% | 4.34% |
| 9 | Contra Costa | 27.50% | 11.89% | 12.45% | 8.96% | 11.20% | 7.51% | 7.20% | 5.35% | 5.40% | 3.55% | 2.35% |
| 10 | Fresno | 9.81% | 15.16% | 15.63% | -2.41% | 10.92% | -1.63% | -0.03% | 5.87% | 0.10% | 0.00% | 0.97% |
| | **Average** | **13.99%** | **11.27%** | **10.43%** | **8.05%** | **7.98%** | **3.88%** | **7.30%** | **5.23%** | **6.57%** | **3.78%** | **2.26%** |

[1]Plan year's for these counties are not calendar year. Contributions for these counties are for the last 6 months of the calendar year and first 6 months of the next year.

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 1. Los Angeles County — Population: 9,857,567

| Medical Plans | 2011-12 Premium | 2012-13 Premium | % +/- | 2011-12 County Contribution | 2012-13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Kaiser Choices HMO - County Sponsored | 515.01 | 552.53 | 7.3% | 515.01 | 552.53 | 7.3% |
| CIGNA Choices HMO - County Sponsored | 485.55 | 520.65 | 7.2% | 485.55 | 520.65 | 7.2% |
| CIGNA Choices POS - County Sponsored | 871.24 | 934.94 | 7.3% | 614.86 | 659.13 | 7.2% |
| Blue Cross Prudent Buyer Basic- ALADS | 687.63 | 743.92 | 8.2% | 614.86 | 659.13 | 7.2% |
| Blue Cross CaliforniaCare Basic- ALADS | 459.71 | 502.21 | 9.2% | 459.71 | 502.21 | 9.2% |
| Blue Cross Prudent Buyer Premier- ALADS | 780.50 | 843.48 | 8.1% | 614.86 | 659.13 | 7.2% |
| Blue Cross CaliforniaCare Premier - ALADS | 552.58 | 601.77 | 8.9% | 552.58 | 601.77 | 8.9% |
| Blue Shield Classic CAPE | 703.00 | 721.00 | 2.6% | 614.86 | 659.13 | 7.2% |
| Blue Shield Lite CAPE | 421.00 | 443.00 | 5.2% | 421.00 | 443.00 | 5.2% |
| Local 1014 Plan - Fire Fighters | 583.00 | 613.00 | 5.1% | 583.00 | 613.00 | 5.1% |
| Kaiser Options - SEIU | 488.04 | 527.91 | 8.2% | 488.04 | 527.91 | 8.2% |
| Kaiser HMO - Unrepresented | 255.00 | 231.00 | -9.4% | 255.00 | 231.00 | -9.4% |
| Blue Cross CaliforniaCare HMO - Unrepresented | 255.00 | 231.00 | -9.4% | 255.00 | 231.00 | -9.4% |
| Blue Cross Plus POS - Unrepresented | 381.00 | 349.00 | -8.4% | 381.00 | 349.00 | -8.4% |
| Blue Cross Catastrophic - Unrepresented | 197.00 | 179.00 | -9.1% | 197.00 | 179.00 | -9.1% |
| Blue Cross Prudent Buyer PPO - Unrepresented | 491.00 | 446.00 | -9.2% | 491.00 | 446.00 | -9.2% |
| PacifiCare Options HMO - SEIU | 455.87 | 499.61 | 9.6% | 455.87 | 499.61 | 9.6% |
| UnitedHealthcare Options PPO - SEIU | 943.46 | 1,085.87 | 15.1% | 614.86 | 659.13 | 7.2% |
| **Average** | **529.20** | **556.99** | **5.3%** | **478.56** | **499.57** | **4.4%** |

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## 2012-2013 10-COUNTY SURVEY

### 1. Los Angeles County: Medical Plan Design Summary

| Blue Shield Lite | HMO | In | Out |
|---|---|---|---|
| Deductible | None | $500/$1,000 | $500/$1,000 |
| Physicians Services | $10 Copay | $25 Copay | 60/40 after Deductible |
| Emergency Room | $50 Copay | $50 Copay | $50 Copay |
| Rx | $5/$15/$30 | $5/$15/$30 | Not Covered |
| Hospital | No Charge | 80/20 after Deductible | 60/40 after Deductible |

| Blue Shield Classic | HMO | In | Out |
|---|---|---|---|
| Deductible | None | $300/$600 | $300/$600 |
| Physicians Services | $10 Copay | $20 Copay | 60/40 after Deductible |
| Emergency Room | $50 Copay | $50 Copay | $50 Copay |
| Rx | $5/$15/$30 | $5/$15/$30 | Not Covered |
| Hospital | No Charge | 90/10 after Deductible | 60/40 after Deductible |

| PacifiCare | HMO |
|---|---|
| Deductible | None |
| Physicians Services | $10 Copay |
| Emergency Room | $50 Copay |
| Rx | $5/$20 |
| Hospital | No Charge |

| UnitedHealthcare | PPO - In | PPO - Out |
|---|---|---|
| Deductible | $300/$1,500 | $1,500/$3,000 |
| Physicians Services | 20% Copay | 50% Copay after Deductible |
| Emergency Room | 20% Copay after Deductible | 50% Copay after Deductible |
| Rx | $5/$20/$35 | Not Covered |
| Hospital | 20% Copay after Deductible | 50% Copay after Deductible |

| Kaiser | Options HMO | Choices HMO | Unrep HMO |
|---|---|---|---|
| Deductible | None | None | None |
| Physicians Services | $10 Copay | $10 Copay | $15 Copay |
| Emergency Room | $50 Copay | $50 Copay | $50 Copay |
| Rx | $5/$20 | $5 | $10/$20 |
| Hospital | No Charge | No Charge | No Charge |

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 1. Los Angeles County: Medical Plan Design Summary

| CIGNA | HMO | POS - In | POS - Out |
|---|---|---|---|
| Deductible | None | None | $500/$1,000 |
| Physicians Services | $10 Copay | $10 Copay | 60/40 after Deductible |
| Emergency Room | $50 Copay | $50 Copay | 60/40 after Deductible |
| Rx | $5/$20 | $5/$20 | 60/40 after Deductible |
| Hospital | No Charge | $50 Copay/Day | 60/40 after Deductible + $1,000/Admit |
| **Blue Cross California Care HMO** | **ALADS** | **Unrep HMO** | |
| Deductible | None | None | |
| Physicians Services | $5 Copay | $15 Copay | |
| Emergency Room | $25 Copay | $50 Copay | |
| Rx | $5/$10 | $10/$20 | |
| Hospital | No Charge | No Charge | |
| **Blue Cross Plus POS** | **HMO** | **In** | **Out** |
| Deductible | None | None | $400/$800 |
| Physicians Services | $15 Copay | $25 Copay | 70/30 after Deductible |
| Emergency Room | $50 Copay | $50 Copay | $50 Copay |
| Rx | $10/$20 | $10/$20 | $10/$20 |
| Hospital | No Charge | 80/20 | 70/30 + $500/Admit |
| **Local 1014 Plan** | **HMO** | | |
| Deductible | $200/$600 | | |
| Physicians Services | 90/10 after Deductible | | |
| Emergency Room | $50 Copay | | |
| Rx | $10/$20/$30+ | | |
| Hospital | 90/10 after Deductible | | |
| **Blue Cross** | **Catastrophic** | | |
| Deductible | $2,000/$4,000 | | |
| Physicians Services | 75/25 after Deductible | | |
| Emergency Room | $100 Copay | | |
| Rx | $200 Ded Then 75/25 | | |
| Hospital | 75/25 after Deductible +$500/Admit | | |

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## 2012-2013 10-COUNTY SURVEY

### 1. Los Angeles County: Medical Plan Design Summary

| Blue Cross Prudent Buyer PPO | ALADS - In | ALADS - Out | UNREP - In | UNREP - Out |
|---|---|---|---|---|
| Deductible | $200/$600 | $200/$600 | $150/$450 | $400/$800 |
| Physicians Services | 90/10 after Deductible | 70/30 after Deductible | $15 Copay | 70/30 after Deductible |
| Emergency Room | 90/10 after Deductible | 70/30 after Deductible | $50 Copay Then 90/10 | $50 Copay Then 90/10 |
| Rx | $5/$10 | $5/$10+ | $10/$20 | $10/$20 |
| Hospital | 90/10 after Deductible | 70/30 after Deductible | 90/10 | 70/30 + $500/Admit |

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 2. San Diego County — Population: 3,131,254

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Kaiser HMO | 398.00 | 418.04 | 5.0% | 398.00 | 418.04 | 5.0% |
| Anthem - Blue Cross PPO | 550.16 | 620.64 | 12.8% | 410.00 | 436.92 | 6.6% |
| Anthem - Blue Cross Select HMO | 474.58 | 498.12 | 5.0% | 410.00 | 436.92 | 6.6% |
| Anthem - Blue Cross Full Access HMO[1] | - | 705.06 | - | - | 436.92 | - |
| **Average** | **474.25** | **560.47** | **18.2%** | **406.00** | **432.20** | **6.5%** |

### 2. San Diego County: Medical Plan Design Summary

| **Kaiser** | **HMO** | |
|---|---|---|
| Deductible | None | |
| Physicians Services | $25 Copay | |
| Emergency Room | $125 Copay | |
| Rx | $10/$25 | |
| Hospital | $100 Copay Per Admit | |
| **Anthem Blue Cross** | **PPO - In** | **Out** |
| Deductible | $300/$600 | $600/$1,200 |
| Physicians Services | $20 Copay | 40% after Deductible |
| Emergency Room | $75 Copay then 20% | $75 Copay then 20% |
| Rx | $10/$20/$35 | $10/$20/$35 |
| Hospital | $150 Copay then 20% | $300 Copay then 40% |
| **Anthem Blue Cross** | **Select HMO** | **Full Access HMO** |
| Deductible | None | None |
| Physicians Services | $25 Copay | $30 Copay |
| Emergency Room | $125 Copay | $125 Copay |
| Rx | $10/$20/$35 | $10/$20/$35 |
| Hospital | $200 Copay Per Admit | $200 Copay Per Admit |

[1]New plan in 2012-13

## 2012-2013 10-COUNTY SURVEY

### 3. Orange County — Population: 3,043,964

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Premiere Wellwise PPO | 625.37 | 730.43 | 16.8% | 597.24 | 697.05 | 16.7% |
| Premiere Sharewell PPO | 250.15 | 292.18 | 16.8% | 319.18 | 361.21 | 13.2% |
| CIGNA HMO | 461.53 | 507.46 | 10.0% | 438.46 | 482.09 | 10.0% |
| Kaiser HMO | 402.91 | 421.08 | 4.5% | 382.77 | 400.03 | 4.5% |
| **AVERAGE** | **434.99** | **487.79** | **12.1%** | **434.41** | **485.10** | **11.7%** |

### 3. Orange County: Medical Plan Design Summary

| Wellwise PPO | In | Out |
|---|---|---|
| Deductible | $300/$600 | $500/$1,000 |
| Physicians Services | 90/10 | 70/30 |
| Emergency Room | 90/10 | 70/30 |
| Rx | $20/$25/$30 | $20/$25/$30 |
| Hospital | 90/10 | 70/30 |
| **Sharewell PPO** | **In** | **Out** |
| Deductible | $5,000 Per Family | $5,000 Per Family |
| Physicians Services | 90/10 | 80/20 |
| Emergency Room | 90/10 | 80/20 |
| Rx | 20% | 20% |
| Hospital | 90/10 | 80/20 |
| **CIGNA** | **HMO** | |
| Deductible | None | |
| Physicians Services | $15 Copay | |
| Emergency Room | $50 Copay | |
| Rx | $10/$20/$40 | |
| Hospital | $100 Per Admit | |
| **Kaiser** | **HMO** | |
| Deductible | None | |
| Physicians Services | $15 Copay | |
| Emergency Room | $50 Copay | |
| Rx | $10/$20 | |
| Hospital | $100 Per Admit | |

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# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 4. Riverside County — Population: 2,226,552

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Health Net EPO[1] | 480.48 | 539.86 | 12.4% | 480.48 | 539.86 | 12.4% |
| Kaiser HMO | 463.50 | 524.50 | 13.2% | 463.50 | 524.50 | 13.2% |
| Exclusive Care EPO | 376.10 | 389.18 | 3.5% | 376.10 | 389.18 | 3.5% |
| Health Net PPO[2] | 671.98 | 774.08 | 15.2% | 671.98 | 697.09 | 3.7% |
| Blue Shield HMO - PERS | 567.88 | 583.60 | 2.8% | 567.88 | 583.60 | 2.8% |
| Kaiser HMO - PERS | 477.96 | 512.76 | 7.3% | 477.96 | 512.76 | 7.3% |
| PERSCare | 819.18 | 943.26 | 15.1% | 621.95 | 633.95 | 1.9% |
| PERS Choice | 516.28 | 526.20 | 1.9% | 516.28 | 526.20 | 1.9% |
| PORAC - PERS | 527.00 | 556.00 | 5.5% | 527.00 | 556.00 | 5.5% |
| Blue Shield HPN | 488.62 | 501.94 | 2.7% | 488.62 | 501.94 | 2.7% |
| PERS Select | 451.48 | 446.68 | -1.1% | 451.48 | 446.68 | -1.1% |
| **Average** | **530.95** | **572.55** | **7.8%** | **513.02** | **537.43** | **4.8%** |

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[1] New Plan in 2011-12 to replace the Blue Shield HMO which was discontinued.

[2] New Plan in 2011-12 to replace the Exclusive Care Select which was discontinued.

## 2012-2013 10-COUNTY SURVEY

### 4. Riverside County: Medical Plan Design Summary

| HealthNet | HMO | PPO - In | PPO - Out |
|---|---|---|---|
| Deductible | None | $500/$1,000 | $500/$1,000 |
| Physicians Services | $15/$30 Copay | $20 Copay | 60% after Deductible |
| Emergency Room | $100 Copay | 80% after Deductible | 80% after Deductible |
| Rx | $10/$25/$50 | $5/$15/$45 | $5/$15/$45 |
| Hospital | $100 Copay | 80/20 after Deductible | 60/40 after Deductible |
| **Kaiser** | **HMO** | | |
| Deductible | None | | |
| Physicians Services | $15 Copay | | |
| Emergency Room | $50 Copay | | |
| Rx | $10/$25 | | |
| Hospital | $100 Copay | | |
| **Exclusive Care** | **EPO** | | |
| Deductible | None | | |
| Physicians Services | $5 Copay | | |
| Emergency Room | $100/$250 Copay | | |
| Rx | $5/$15/$25 | | |
| Hospital | No Charge | | |

## 2012-2013 10-COUNTY SURVEY

### 5. San Bernardino County — Population: 2,059,630

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Kaiser HMO | 451.90 | 520.20 | 15.1% | 405.22 | 410.62 | 1.3% |
| Health Net Elect Open Access HMO | 401.77 | 441.35 | 9.9% | 388.67 | 375.70 | -3.3% |
| Health Net PPO | 812.11 | 892.32 | 9.9% | 405.22 | 410.62 | 1.3% |
| **Average** | **555.26** | **617.96** | **11.3%** | **399.70** | **398.98** | **-0.2%** |

### 5. San Bernardino County: Medical Plan Design Summary

| **Kaiser** | **HMO** | |
|---|---|---|
| Deductible | None | |
| Physicians Services | $10 Copay | |
| Emergency Room | $50 Copay | |
| Rx | $10/$15 | |
| Hospital | No Charge | |
| **Health Net Open Access** | **Tier 1 - HMO** | **Tier 2 - PPO** |
| Deductible | None | None |
| Physicians Services | $10 Copay | $30 Copay |
| Emergency Room | $50 Copay | Not Covered |
| Rx | $5/$10/$25 | $5/$10/$25 |
| Hospital | No Charge | Not Covered |
| **Health Net PPO** | **In** | **Out** |
| Deductible | $250/$750 | $250/$750 |
| Physicians Services | 80/20 | 70/30 |
| Emergency Room | $50 Deductible plus 20% after Deductible | $50 Deductible plus 20% after Deductible |
| Rx | $15/$30/$30 | $15/$30/$30 |
| Hospital | 80/20 after Deductible | $250/Admission plus 70/30 after Deductible |

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## 2012-2013 10-COUNTY SURVEY

### 6. Santa Clara County — Population: 1,805,861

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Kaiser HMO | 559.28 | 588.58 | 5.2% | 559.28 | 588.58 | 5.2% |
| Kaiser HMO Exec Mgmt | - | 568.36 | | - | 568.36 | |
| Valley Health HMO | 559.28 | 559.28 | 0.0% | 559.28 | 559.28 | 0.0% |
| Health Net POS | 849.36 | 856.31 | 0.8% | 849.36 | 856.31 | 0.8% |
| **AVERAGE** | **655.97** | **643.13** | **-2.0%** | **655.97** | **643.13** | **-2.0%** |

### 6. Santa Clara County: Medical Plan Design Summary

| Kaiser | HMO | Exec Mgmt HMO | |
|---|---|---|---|
| Deductible | None | None | |
| Physicians Services | $5 Copay | $15 Copay | |
| Emergency Room | $5 Copay | $50 Copay | |
| Rx | $5 | $5/$20 | |
| Hospital | No Charge | N/A | |
| **Valley Health** | **HMO** | | |
| Deductible | None | | |
| Physicians Services | No Charge | | |
| Emergency Room | No Charge | | |
| Rx | No Charge | | |
| Hospital | No Charge | | |
| **Health Net POS** | **HMO** | **PPO** | **Out** |
| Deductible | None | None | $200/PMPY |
| Physicians Services | $5 Copay | $10 Copay | 70/30 |
| Emergency Room | $35 Copay | 90/10 | 70/30 |
| Rx | $5/$10/$20 | $5/$10/$20 | $5/$10/$20 |
| Hospital | No Charge | 90/10 | 70/30 |

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# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 7. Alameda County — Population: 1,525,655

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Pacificare HMO ($5)[1] | 750.58 | - | - | 573.56 | - | - |
| Kaiser HMO ($5)[1] | 573.56 | - | - | 573.56 | - | - |
| Pacificare PPO ($5)[1] | 1,867.50 | - | - | 573.56 | - | - |
| UnitedHealthcare HMO ($15) | 699.68 | 827.84 | 18.3% | 524.82 | 563.52 | 7.4% |
| Kaiser HMO ($15) | 524.82 | 563.52 | 7.4% | 524.82 | 563.52 | 7.4% |
| UnitedHealthcare PPO | 1,867.50 | 1,994.48 | 6.8% | 524.82 | 563.52 | 7.4% |
| UnitedHealthcare HMO ($15) | 699.68 | 827.84 | 18.3% | 629.72 | 745.06 | 18.3% |
| Kaiser HMO ($15) | 524.82 | 563.52 | 7.4% | 472.34 | 507.18 | 7.4% |
| UnitedHealthcare PPO | 1,867.50 | 1,994.48 | 6.8% | 472.34 | 507.18 | 7.4% |
| **Average** | **1,041.74** | **1,128.61** | **8.3%** | **541.06** | **575.00** | **6.3%** |

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### 7. Alameda County: Medical Plan Design Summary

| United Healthcare | PPO | HMO -$15 |
|---|---|---|
| Deductible | $2,000/$4,000 | None |
| Physicians Services | $25 Copay | $15 Copay |
| Emergency Room | $250 Copay | $50 Copay |
| Rx | $10/$30/$50 | $10/$25/$35 |
| Hospital | $100 Copay | No Charge |

| Kaiser | Hmo -$15 |
|---|---|
| Deductible | None |
| Physicians Services | $15 Copay |
| Emergency Room | $50 Copay |
| Rx | $15/$15 |
| Hospital | No Charge |

[1] Pacificare HMO, Kaiser HMO, and Pacificare PPO were discontinued 2012-13.

## 2012-2013 10-COUNTY SURVEY

### 8. Sacramento County — Population: 1,430,537

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Blue Shield HMO 15 | 853.26 | 853.26 | 0.0% | 826.90 | 826.90 | 0.0% |
| Health Net HMO 15 | 643.02 | 725.96 | 12.9% | 643.02 | 725.96 | 12.9% |
| Kaiser HMO 15 | 561.54 | 596.34 | 6.2% | 561.54 | 596.34 | 6.2% |
| Blue Shield HDHP PPO | 715.82 | 715.82 | 0.0% | 715.82 | 715.82 | 0.0% |
| Kaiser HDHP HMO | 442.62 | 470.06 | 6.2% | 442.62 | 470.06 | 6.2% |
| **AVERAGE** | **643.25** | **672.29** | **4.5%** | **637.98** | **667.02** | **4.6%** |

### 8. Sacramento County: Medical Plan Design Summary

| Blue Shield | HMO | HDHP - PPO - In | HDHP - PPO - Out |
|---|---|---|---|
| Deductible | None | $1,500/$3,000 | $1,500/$3,000 |
| Physicians Services | $15 Copay | 80/20 | 60/40 |
| Emergency Room | $50 Copay | 80/20 | 80/20 |
| Rx | $10/$20/$35 | $10/$25/$40 | $10/$25/$40 + 25% |
| Hospital | No Charge | 80/20 | 60/40 |
| **Health Net** | **HMO** | | |
| Deductible | None | | |
| Physicians Services | $15 Copay | | |
| Emergency Room | $35 Copay | | |
| Rx | $10/$20/$35 | | |
| Hospital | No Charge | | |
| **Kaiser** | **HMO** | **HDHP - HMO** | |
| Deductible | None | $1,500/$3,000 | |
| Physicians Services | $15 Copay | No Charge after Deductible | |
| Emergency Room | $35 Copay | No Charge after Deductible | |
| Rx | $10/$20 | No Charge after Deductible | |
| Hospital | No Charge | No Charge after Deductible | |

# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 9. Contra Costa County — Population: 1,061,132

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| CCHP Plan A | 558.22 | 586.13 | 5.0% | 529.94 | 542.17 | 2.3% |
| CCHP Plan B | 618.80 | 649.74 | 5.0% | 541.21 | 556.64 | 2.9% |
| Health Net HMO Plan A | 814.85 | 894.87 | 9.8% | 616.62 | 671.85 | 9.0% |
| Health Net HMO Plan B[1] | - | 812.00 | - | - | 627.79 | - |
| Health Net EPO[2] | 814.85 | - | - | 616.62 | - | - |
| Health Net PPO Plan A | 1,067.02 | 1,109.51 | 4.0% | 581.61 | 615.23 | 5.8% |
| Health Net PPO Plan B[1] | - | 1,007.65 | - | - | 604.60 | - |
| Kaiser HMO Plan A | 638.41 | 673.87 | 5.6% | 480.55 | 509.01 | 5.9% |
| Kaiser HMO Plan B[1] | - | 608.09 | - | - | 478.91 | - |
| Blue Shield HMO - PERS | 642.33 | 674.01 | 4.9% | 495.02 | 524.06 | 5.9% |
| CCHP Plan A Alternate - PERS | 659.30 | 692.27 | 5.0% | 495.02 | 496.10 | 0.2% |
| Kaiser HMO - PERS | 546.75 | 586.57 | 7.3% | 495.02 | 501.83 | 1.4% |
| PERS Care | 862.73 | 993.34 | 15.1% | 495.02 | 531.65 | 7.4% |
| PERS Choice | 543.72 | 554.13 | 1.9% | 495.02 | 506.88 | 2.4% |
| PORAC - PERS | 527.00 | 556.00 | 5.5% | 495.02 | 497.40 | 0.5% |
| PERS Select | 475.48 | 470.39 | -1.1% | 474.93 | 474.69 | -0.1% |
| Blue Shield HMO NetValue - PERS | 561.34 | 582.34 | 3.7% | 495.02 | 508.09 | 2.6% |
| **AVERAGE** | **666.49** | **715.68** | **7.4%** | **521.90** | **540.43** | **3.5%** |

[1] New Plan in 2012-13

[2] Health Net EPO was discontinued in 2012–13

## 2012-2013 10-COUNTY SURVEY

### 9. Contra Costa County: Medical Plan Design Summary

| CCHP | Plan A | Plan B | | | |
|---|---|---|---|---|---|
| Deductible | None | None | | | |
| Physicians Services | No Charge | $5 Copay | | | |
| Emergency Room | No Charge | $20 Copay | | | |
| Rx | No Charge | $3 Per Rx | | | |
| Hospital | No Charge | No Charge | | | |
| **HealthNet HMO** | **HMO** | **Plan A - In** | **PLAN A - Out** | **PLAN B - In** | **PLAN B - Out** |
| Deductible | None | $250/$750 | $250/$750 | $500/$1,000 | $500/$1,000 |
| Physicians Services | $10 Copay | $10 Copay | 70/30 | $20 Copay | 60/40 |
| Emergency Room | $25 Copay | 90/10 | 70/30 | 80/20 | 60/40 |
| Rx | $10/$20/$35 | $5 | $5 | $10/$20/$35 | $10/$20/$35 |
| Hospital | No Charge | 90/10 | 70/30 | 80/20 | 60/40; $600 Max Per Day |
| **Kaiser** | **Plan A** | **Plan B** | | | |
| Deductible | None | $500/$1,000 | | | |
| Physicians Services | $10 Copay | $20 Copay | | | |
| Emergency Room | $10 Copay | 90/10 after Deductible | | | |
| Rx | $10/$20 | $10/$30 | | | |
| Hospital | No Charge | 90/10 after Deductible | | | |

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# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 10. Fresno County — Population: 941,965

| Medical Plans | 2011–12 Premium | 2012–13 Premium | % +/- | 2011–12 County Contribution | 2012–13 County Contribution | % +/- |
|---|---|---|---|---|---|---|
| Kaiser $15 HMO | 731.45 | 865.15 | 18.3% | 450.80 | 450.80 | 0.0% |
| Blue Cross HMO | 576.51 | 591.72 | 2.6% | 450.80 | 450.80 | 0.0% |
| Blue Cross PPO | 798.33 | 823.62 | 3.2% | 450.80 | 450.80 | 0.0% |
| Blue Cross HDPPO | 465.68 | 471.23 | 1.2% | 450.80 | 450.80 | 0.0% |
| **AVERAGE** | **642.99** | **687.93** | **7.0%** | **450.80** | **450.80** | **0.0%** |

### 10. Fresno County: Medical Plan Design Summary

| **Kaiser** | **HMO** | |
|---|---|---|
| Deductible | None | |
| Physicians Services | $15 per visit | |
| Emergency Room | $100 per visit | |
| Rx | $10/$20 | |
| Hospital | No Charge | |
| **Blue Cross** | **HMO** | **PPO** |
| Deductible | None | $250/$500 |
| Physicians Services | $15 per visit | $20 per visit |
| Emergency Room | $100 per visit | $100 deductible |
| Rx | $10/$20/$35 | $10/$20/$35 |
| Hospital | No Charge | No Charge |
| **Blue Cross** | **HDPPO - In** | **HDPPO - Out** |
| Deductible | $3,000/$6,000 | $5,000/$10,000 |
| Physicians Services | $0 Copay | 50% after Deductible |
| Emergency Room | $0 Copay after Deductible | $0 Copay after Deductible |
| Rx | $0 Copay | 50/50 |
| Hospital | No Charge | No Charge |

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## 2012-2013 10-COUNTY SURVEY

### 2012 HSS

| | Kaiser HMO | Blue Shield HMO | City Health Plan PPO |
|---|---|---|---|
| Annual Deductible | N/A | N/A | $250/$500/$750 |
| Hospital (Inpatient) | $100 Copay | $200 Copay | 85%/15% - In<br>50%/50% - Out |
| Emergency Room | $100 Copay Waived if Admitted | $100 Copay Waived if Admitted | 85%/15% |
| Ambulance Services | No Charge | No Charge | 85%/15% |
| Office Visits | $20 Copay | $25 Copay | 85%/15% - In<br>50%/50% - Out |
| Urgent Care | $20 Copay | $25 Copay | 85%/15% - In<br>50%/50% - Out |
| Rx - Retail | $5/$15 | $10/$25/$50 | $5/$20/$45 |
| Rx - Mail Order | $10/$30 | $20/$50/$100 | $10/$40/$90 |
| Infertility Treatment | 50%/50% | 50%/50% | 50%/50% |
| Acupuncture | Not Covered | $15 Copay<br>Limit 30 Visits/Yr | 50%/50%<br>Limit $500 Max/Yr |
| Chiropractic | $20 Copay<br>Limit 20 Visits/Yr | $15 Copay<br>Limit 30 Visits/Yr | 50%/50%<br>Limit $500 Max/Yr |

For informational purposes only. HSS data is not included in the 10-County Survey.
City Health Plan is administered by UnitedHealthcare.

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# Health Service System

CITY & COUNTY OF SAN FRANCISCO

## 2012-2013 10-COUNTY SURVEY

### 2012 CalPERS

| | Kaiser HMO | Blue Shield Access+HMO | Blue Shield NetValue HMO | PERS Select PPO | PERS Choice PPO | PERS Care PPO |
|---|---|---|---|---|---|---|
| Annual Deductible | N/A | N/A | N/A | $500/$1,000 | $500/$1,000 | $500/$1,000 |
| Hospital (Inpatient) | No Charge | No Charge | No Charge | 80%/20% - In<br>60%/40% - Out | 80%/20% - In<br>60%/40% - Out | 90%/10% - In<br>60%/40% plus<br>$250 Deductible - Out |
| Emergency Room | $50 Copay Waived if Admitted | $50 Copay Waived if Admitted | $50 Copay Waived if Admitted | 80%/20%<br>$50 Deductible | 80%/20%<br>$50 Deductible | 90%/10%<br>$50 Deductible |
| Ambulance Services | No Charge | No Charge | No Charge | 80%/20% | 80%/20% | 80%/20% |
| Office Visits | $15 Copay | $15 Copay | $15 Copay | $20 Copay - In<br>60%/40% - Out | $20 Copay - In<br>60%/40% - Out | $20 Copay - In<br>60%/40% - Out |
| Urgent Care | $15 Copay | $15 Copay | $15 Copay | $20 Copay - In<br>60%/40% - Out | $20 Copay - In<br>60%/40% - Out | $20 Copay - In<br>60%/40% - Out |
| Rx - Retail | $5/$20 | $5/$20/$50 | $5/$20/$50 | $5/$20/$50 | $5/$20/$50 | $5/$20/$50 |
| Rx - Mail Order | $5/$20 | $10/$40/$100 | $10/$40/$100 | $10/$40/$100 | $10/$40/$100 | $10/$40/$100 |
| Infertility Treatment | 50%/50% | 50%/50% | 50%/50% | Not Covered | Not Covered | Not Covered |
| Acupuncture | $15 Copay | Not Covered | Not Covered | 80%/20% - In<br>60%/40% - Out<br>Limit 15 Visits/Yr | 80%/20% - In<br>60%/40% - Out<br>Limit 15 Visits/Yr | 90%/10% - In<br>60%/40% - Out<br>Limit 20 Visits/Yr |
| Chiropractic | Not Covered | Not Covered | Not Covered | 80%/20% - In<br>60%/40% - Out<br>Limit 15 Visits/Yr | 80%/20% - In<br>60%/40% - Out<br>Limit 15 Visits/Yr | 90%/10% - In<br>60%/40% - Out<br>Limit 20 Visits/Yr |

For informational purposes only. CalPERS data is not included in the 10-County Survey.

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## CERTIFICATION

I hereby certify that I perform the functions of the Secretary of the Health Service Board, and that the above Resolution was duly adopted and approved by the Health Service Board at a properly noticed meeting on June 14, 2012.

Laini K. Scott

**Laini K. Scott**

# San Francisco Health Service System
## Board of Supervisors

10 County Survey Results and Rates and Benefits Decisions for Calendar Year 2013

**July 18, 2012**

**Prepared by Aon Hewitt**
Health and Benefits

AON Hewitt

## 10-County Survey Results

Exhibit 1

| Rank | County | Short Plan Year July-December 2012 | CY 2013 | % Change |
|---|---|---|---|---|
| 1 | Los Angeles | $499.57 | $515.07 | 3.10% |
| 2 | San Diego | $432.20 | $444.86 | 2.93% |
| 3 | Orange | $485.10 | $506.94 | 4.50% |
| 4 | Riverside | $537.43 | $545.54 | 1.51% |
| 5 | San Bernardino * | $398.98 | $398.98 | 0.00% |
| 6 | Santa Clara * | $643.13 | $643.13 | 0.00% |
| 7 | Alameda | $575.00 | $588.99 | 2.43% |
| 8 | Sacramento | $667.02 | $696.00 | 4.34% |
| 9 | Contra Costa | $540.43 | $553.15 | 2.35% |
| 10 | Fresno | $450.80 | $455.17 | 0.97% |
| | **10-County Average** | **$522.97** | **$534.78** | **2.26%** |

Starting with plan year 2013 and going forward, due to HSS's change to a calendar year plan, the 10-county survey calendar year change rule, approved by the HSS board April 12, 2012, is applied to all county's with calendar year plans. For these counties the average employer contribution was trended forward to overlap with the 2013 plan year by 6 months.

* Plan years for these counties are not calendar year. Contributions shown for these counties are for July 2012 to June 2013. The 10-county survey calendar year change rule does not apply to these counties.

# Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2013

Exhibit 2

| | | Active | | | Early Retiree | | | MAPD/COB | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 (All Medicare) | EE+2 |
| Members | July-December 2012 | $0.00 | $7.04 | $249.05 | $3.52 | $268.01 | $707.08 | $0.00 | $166.70 | $499.23 | $605.76 |
| | Plan Year 2013 | $0.00 | $2.24 | $247.00 | $1.12 | $268.61 | $712.65 | $0.00 | $166.70 | $499.23 | $610.74 |
| | % increase | 0.00% | -68.21% | -0.83% | -68.24% | 0.22% | 0.79% | 0.00% | 0.00% | 0.00% | 0.82% |
| | $ increase | $0.00 | ($4.80) | ($2.05) | ($2.40) | $0.60 | $5.57 | $0.00 | $0.00 | $0.00 | $4.98 |
| Employer | July-December 2012 | $530.01 | $1,051.96 | $1,248.01 | $1,061.46 | $1,325.96 | $1,325.96 | $334.42 | $501.12 | $501.12 | $501.12 |
| | Plan Year 2013 | $537.02 | $1,059.77 | $1,269.05 | $1,076.98 | $1,344.48 | $1,344.48 | $335.43 | $502.13 | $502.13 | $502.13 |
| | % increase | 1.32% | 1.69% | 1.61% | 1.45% | 1.40% | 1.40% | 0.30% | 0.20% | 0.20% | 0.20% |
| | $ increase | $7.01 | $17.81 | $20.05 | $15.52 | $18.52 | $18.52 | $1.01 | $1.01 | $1.01 | $1.01 |
| Total | July-December 2012 | $530.01 | $1,059.00 | $1,498.06 | $1,064.98 | $1,593.97 | $2,033.04 | $334.42 | $667.82 | $1,000.35 | $1,106.88 |
| | Plan Year 2013 | $537.02 | $1,072.01 | $1,516.05 | $1,078.10 | $1,613.09 | $2,057.13 | $335.43 | $668.83 | $1,001.36 | $1,112.87 |
| | % increase | 1.32% | 1.23% | 1.20% | 1.23% | 1.20% | 1.18% | 0.30% | 0.15% | 0.10% | 0.54% |
| | $ increase | $7.01 | $13.01 | $17.99 | $13.12 | $19.12 | $24.09 | $1.01 | $1.01 | $1.01 | $5.99 |

- The total aggregate annual cost for plan year 2013 is $298.5M
- The overall increase reflects a 1.09% or $3.23M
- This translates to an decrease of ($447,000) for members and an increase of $3.67M for the employer
- Excludes additional negotiated contributions which apply to certain collectively bargained employees
- Total premiums include vision costs, $2.05 HSS Communications and Healthcare Sustainability expense, and are adjusted for the final 10-county survey



# Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2013

Exhibit 3

| | | Active (Bargained) | | | Early Retiree | | | MAPD/COB | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 (All Medicare) | EE+2 |
| Members | July-December 2012 | $0.00 | $85.46 | $471.01 | $42.73 | $346.45 | $850.60 | $0.00 | $202.40 | $606.55 | $706.55 |
| | Initial Contribution | $0.00 | $112.37 | $556.71 | $56.18 | $376.76 | $914.23 | $0.00 | $0.00 | $0.00 | $0.00 |
| | Rate Stabilization | $0.00 | $26.86 | $38.01 | $28.95 | $43.38 | $54.53 | $0.00 | $0.00 | $0.00 | $0.00 |
| | Plan Year 2013 | $0.00 | $85.51 | $520.70 | $26.23 | $335.38 | $859.70 | $0.00 | $180.64 | $541.26 | $763.23 |
| | % increase | 0.00% | 0.06% | 10.55% | -38.60% | -3.20% | 1.07% | 0.00% | -10.75% | -10.76% | 8.02% |
| | $ increase | $0.00 | $0.05 | $49.69 | ($16.50) | ($11.07) | $9.10 | $0.00 | ($21.76) | ($65.29) | $56.68 |
| Employer | July-December 2012 | $608.43 | $1,130.41 | $1,249.01 | $1,308.14 | $1,611.86 | $1,611.86 | $405.82 | $608.23 | $608.23 | $608.23 |
| | Plan Year 2013 | $647.16 | $1,179.94 | $1,269.05 | $1,379.80 | $1,702.38 | $1,702.38 | $363.30 | $543.93 | $543.93 | $543.93 |
| | % increase | 6.36% | 4.38% | 1.61% | 5.48% | 5.62% | 5.62% | -10.48% | -10.57% | -10.57% | -10.57% |
| | $ increase | $38.73 | $49.53 | $20.05 | $71.66 | $90.52 | $90.52 | ($42.52) | ($64.30) | ($64.30) | ($64.30) |
| Total | July-December 2012 | $608.43 | $1,216.87 | $1,720.02 | $1,350.87 | $1,958.31 | $2,462.46 | $405.82 | $810.63 | $1,214.78 | $1,314.78 |
| | Plan Year 2013 | $647.16 | $1,292.31 | $1,827.77 | $1,435.98 | $2,081.14 | $2,616.69 | $363.30 | $724.57 | $1,085.18 | $1,307.16 |
| | % increase | 6.36% | 6.29% | 6.26% | 6.30% | 6.27% | 6.26% | -10.48% | -10.62% | -10.67% | -0.58% |
| | $ increase | $38.73 | $76.44 | $107.75 | $85.11 | $122.83 | $154.14 | ($42.52) | ($86.06) | ($129.60) | ($7.62) |

- The total aggregate annual cost for plan year 2013 is $307.6M
- The overall increase reflects a 3.05% or $9.1M
- This translates to an increase $2.0M for members and $7.1M for the employer
- Excludes additional negotiated contributions which apply to certain collectively bargained employees
- Total premiums include vision costs, $2.05 HSS Communications and Healthcare Sustainability expense, and are adjusted for the final 10-county survey
- July 1, 2012 to December 31, 2012 rates include $5.2M rate stabilization
- 2013 plan year rates include $5.0M rate stabilization

# City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Premium Rates Calendar Year 2013

Exhibit 4

| CATEGORY | December 2011 Enrollment | Plan Year July - December 2012 PREMIUM EQUIVALENT | Plan Year July - December 2012 STABILIZATION AMOUNT | Plan Year July - December 2012 TOTAL | Plan Year 2013 PREMIUM EQUIVALENT | Plan Year 2013 STABILIZATION AMOUNT | Plan Year 2013 TOTAL | PERCENTAGE INCREASE |
|---|---|---|---|---|---|---|---|---|
| Active EE | 835 | $1,221.69 | $15.77 | $1,237.46 | $1,258.33 | $0.64 | $1,258.97 | 1.74% |
| Active EE + 1 | 204 | $2,400.11 | $31.02 | $2,431.13 | $2,472.37 | $1.26 | $2,473.63 | 1.75% |
| Active EE + 2 | 70 | $3,375.79 | $43.32 | $3,419.11 | $3,487.99 | $1.78 | $3,489.77 | 2.07% |
| Early Retiree EE | 795 | $1,408.79 | $18.24 | $1,427.03 | $1,465.74 | $0.75 | $1,466.49 | 2.77% |
| Early Retiree EE + 1 | 250 | $2,774.29 | $35.96 | $2,810.25 | $2,887.17 | $1.47 | $2,888.64 | 2.79% |
| Early Retiree EE+ 2 | 26 | $3,749.69 | $48.54 | $3,798.23 | $3,902.79 | $1.99 | $3,904.78 | 2.81% |
| Medicare Retiree EE | 3,978 | $370.15 | $4.99 | $375.14 | $374.30 | $0.19 | $374.49 | -0.17% |
| Medicare Retiree EE + 1 | 1,300 | $706.36 | $9.54 | $715.90 | $713.66 | $0.36 | $714.02 | -0.26% |
| Medicare Retiree EE + 2 | 17 | $1,681.76 | $22.12 | $1,703.88 | $1,729.28 | $0.88 | $1,730.16 | 1.54% |
| Annualized using December 31, 2011 counts | 7,475 | $72,917,000 | $958,000 | $73,876,000 | $74,807,000 | $38,000 | $74,845,000 | 1.31% |
| Estimated cost increase plan year 2013 | $969,000 | | | | | | | |

- The overall increase reflects a 1.31% or $969,000
- This translates to an increase of $229,000 for members and $740,000 for the employer
- Excludes additional negotiated contributions which apply to certain collectively bargained employees
- Total rate includes medical, pharmacy, vision premiums, $2.05 HSS Communications and Healthcare Sustainability Expenses, and claims stabilization amount



# City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2013

Exhibit 5

| | | Active (Bargained) EE | Active (Bargained) EE+1 | Active (Bargained) EE+2 | Early Retiree EE | Early Retiree EE+1 | Early Retiree EE+2 | Medicare Retiree EE | Medicare Retiree EE+1 | Medicare Retiree EE+2 (All Medicare) | Medicare Retiree EE+2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Members | July-December 2012 | $0.00 | $1,182.12 | $2,170.10 | $357.24 | $1,048.85 | $2,036.83 | $0.00 | $170.38 | $518.50 | $1,158.36 |
| | Plan Year 2013 | $0.00 | $1,212.81 | $2,228.95 | $362.09 | $1,073.16 | $2,089.30 | $0.00 | $169.75 | $508.96 | $1,185.89 |
| | % increase | 0.00% | 2.60% | 2.71% | 1.36% | 2.32% | 2.58% | 0.00% | -0.37% | -1.84% | 2.38% |
| | $ increase | $0.00 | $30.70 | $58.85 | $4.85 | $24.32 | $52.47 | $0.00 | ($0.62) | ($9.54) | $27.54 |
| Employer | July-December 2012 | $1,237.46 | $1,249.01 | $1,249.01 | $1,069.79 | $1,761.40 | $1,761.40 | $375.14 | $545.53 | $545.53 | $545.53 |
| | Plan Year 2013 | $1,258.97 | $1,260.82 | $1,260.82 | $1,104.40 | $1,815.48 | $1,815.48 | $374.49 | $544.26 | $544.26 | $544.26 |
| | % increase | 1.74% | 0.95% | 0.95% | 3.24% | 3.07% | 3.07% | -0.17% | -0.23% | -0.23% | -0.23% |
| | $ increase | $21.51 | $11.81 | $11.81 | $34.61 | $54.08 | $54.08 | ($0.64) | ($1.26) | ($1.26) | ($1.26) |
| Total | July-December 2012 | $1,237.46 | $2,431.13 | $3,419.11 | $1,427.03 | $2,810.25 | $3,798.23 | $375.14 | $715.90 | $1,064.02 | $1,703.88 |
| | Plan Year 2013 | $1,258.97 | $2,473.63 | $3,489.77 | $1,466.49 | $2,888.64 | $3,904.78 | $374.49 | $714.02 | $1,053.22 | $1,730.16 |
| | % increase | 1.74% | 1.75% | 2.07% | 2.77% | 2.79% | 2.81% | -0.17% | -0.26% | -1.02% | 1.54% |
| | $ increase | $21.51 | $42.51 | $70.67 | $39.46 | $78.40 | $106.56 | ($0.64) | ($1.89) | ($10.80) | $26.27 |

- The total aggregate annual cost for plan year 2013 is $74.8M
- The overall increase reflects a 1.31% or $969,000
- This translates to an increase of $229,000 for members and $740,000 for the employer
- Excludes additional negotiated contributions which apply to certain collectively bargained employees
- Total rate includes medical, pharmacy, vision premiums, $2.05 HSS Communications and Healthcare Sustainability Expenses, and claims stabilization amount
- Employer contributions include 10-county contribution amount and final Kaiser pick-up

## VSP Vision: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2013

Exhibit 6

| | | Active (Bargained) | | | Early Retiree | | | MAPD/COB | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 (All Medicare) | EE+2 |
| Members | July-December 2012 | $3.78 | $7.58 | $10.73 | $3.78 | $7.58 | $10.73 | $3.78 | $7.58 | $10.73 | $10.73 |
| | Plan Year 2013 | $3.78 | $7.58 | $10.73 | $3.78 | $7.58 | $10.73 | $3.78 | $7.58 | $10.73 | $10.73 |
| | % increase | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | $ increase | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |

- Vision rates are included in health plan rates



## Delta Dental PPO: Final Active/Retiree Monthly Contributions Calendar Year 2013

Exhibit 7

| | | Active (Bargained) | | | Early Retiree | | |
|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 |
| Members | July-December 2012 | $64.35 | $135.14 | $193.06 | $39.87 | $79.80 | $120.54 |
| | Plan Year 2013 | $63.47 | $133.29 | $190.42 | $39.87 | $79.80 | $120.54 |
| | % increase | -1.36% | -1.37% | -1.37% | 0.00% | 0.00% | 0.00% |
| | $ increase | ($0.88) | ($1.85) | ($2.64) | $0.00 | $0.00 | $0.00 |

- The full Delta Dental PPO decrease of -1.4% or ($591K) will be absorbed by the employers
- Excludes additional negotiated contributions which apply to certain collectively bargained employees

## Delta Care USA : Final Active/Retiree Monthly Contributions Calendar Year 2013

Exhibit 8

| | | Active (Bargained) | | | Early Retiree | | |
|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 |
| Members | July-December 2012 | $26.00 | $42.90 | $63.45 | $31.70 | $52.31 | $77.37 |
| | Plan Year 2013 | $26.00 | $42.90 | $63.45 | $31.70 | $52.31 | $77.37 |
| | % increase | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | $ increase | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |

- Excludes additional negotiated contributions which apply to certain collectively bargained employees



## Pacific Union Dental: Final Active/Retiree Monthly Contributions Calendar Year 2013

Exhibit 9

| | | Active (Bargained) | | | Early Retiree | | |
|---|---|---|---|---|---|---|---|
| | | EE | EE+1 | EE+2 | EE | EE+1 | EE+2 |
| Members | July-December 2012 | $27.80 | $45.90 | $67.86 | $16.47 | $27.20 | $40.22 |
| | Plan Year 2013 | $27.80 | $45.90 | $67.86 | $16.47 | $27.20 | $40.22 |
| | % increase | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | $ increase | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |

- Excludes additional negotiated contributions which apply to certain collectively bargained employees

## Life and LTD (Long Term Disability) Plan Year 2013 Aggregate Costs

Exhibit 10

| Plan Type | July-December 2012 (Annualized) | Plan Year 2013 | % Increase | $ Increase |
|---|---|---|---|---|
| Basic Life | $375,000 | $316,000 | -15.8% | ($59,000) |
| Supplemental Life/Dependent Life | $89,000 | $77,000 | -13.5% | ($12,000) |
| Long-Term Disability* | $8,068,000 | $5,687,000 | -29.5% | ($2,381,000) |
| Total Estimated Annual Costs | $8,532,000 | $6,080,000 | -28.7% | ($2,452,000) |
| Total Estimated Four(4) Year Rate Guarantee | | | | $0 |

**Life Insurance Plans**

- The total aggregate annual cost for plan year 2013 is $393,000
- The overall decrease is -15.3% or ($71,000)
- This translates to an decrease of ($12,000) for members and a decrease of ($59,000) for the employer

**LTD (Long Term Disability) Plans**

- The total aggregate annual cost for plan year 2013 is $5.69M
- The overall decrease is -29.5% or ($2.38M)
- The plan is 100% employer paid so the decrease of ($2.38M) will go to employers



## All Plans – 2013 Aggregate Cost Savings ($Millions)

Exhibit 11

| Medical Savings | Total | Employer | Employee |
|---|---|---|---|
| City Plan[1,2] | $1.61 | $1.07 | $0.54 |
| Kaiser HMO[2] | $0.00 | $0.00 | $0.00 |
| Blue Shield HMO[2,3] | $25.23 | $12.12 | $13.11 |
| Total | $26.84 | $13.19 | $13.65 |

| Dental Savings | Total | Employer | Employee |
|---|---|---|---|
| Dental | $0.59 | $0.59 | $0.00 |
| Total | $0.59 | $0.59 | $0.00 |

| Life & LTD Savings | Total | Employer | Employee |
|---|---|---|---|
| Life | $0.07 | $0.06 | $0.01 |
| Long Term Disability (LTD) | $2.38 | $2.38 | $0.00 |
| Total | $2.45 | $2.44 | $0.01 |

| Total Savings | Total | Employer | Employee |
|---|---|---|---|
| Medical | $26.84 | $13.19 | $13.65 |
| Dental | $0.59 | $0.59 | $0.00 |
| Life and LTD | $2.45 | $2.44 | $0.01 |
| Grand Total | $29.88 | $16.22 | $13.66 |

Footnotes:
1-Reflects EGWP savings and 3-month carry over
2-Vision benefits are included and reflect no year over year cost change
3-Based on the adoption of Blue Shield Flex-Funding and $5M rate stabilization

## Distribution of Aggregate Plan Costs ($Millions)

Exhibit 12

| TABLE 2 * Distribution of Aggregate Plan Costs ($millions) | Member Contributions | Employer Contributions | Aggregate Plan Cost | Member Contributions as a % of Aggregate Costs | Employer Contributions as a % of Aggregate Costs |
|---|---|---|---|---|---|
| Kaiser HMO | $25.0 | $273.5 | $298.5 | 8.39% | 91.61% |
| $ Increase | -$0.4 | $3.7 | $3.2 | | |
| % Increase | -1.76% | 1.36% | 1.09% | | |
| Blue Shield HMO | $43.0 | $264.6 | $307.6 | 13.99% | 86.01% |
| $ Increase | $2.0 | $7.1 | $9.1 | | |
| % Increase | 4.84% | 2.77% | 3.05% | | |
| City Plan | $15.0 | $59.8 | $74.8 | 20.08% | 79.92% |
| $ Increase | $0.2 | $0.7 | $1.0 | | |
| % Increase | 1.55% | 1.25% | 1.31% | | |
| Dental | $3.2 | $39.0 | $42.3 | 7.66% | 92.34% |
| $ Increase | $0.0 | -$0.6 | -$0.6 | | |
| % Increase | 0.00% | -1.46% | -1.35% | | |
| LTD | $0.0 | $5.7 | $5.7 | 0.00% | 100.00% |
| $ Increase | $0.0 | -$2.4 | -$2.4 | | |
| % Increase | 0.00% | -29.51% | -29.51% | | |
| Life | $0.1 | $0.3 | $0.4 | 19.55% | 80.45% |
| $ Increase | $0.0 | -$0.1 | -$0.1 | | |
| % Increase | -13.47% | -15.79% | -15.35% | | |
| Total | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| $ Increase | $1.8 | $8.5 | $10.3 | | |
| % Increase | 2.08% | 1.34% | 1.43% | | |

* Figures vary due to rounding

** Dental costs are for active employees only, retirees and surviving spouses have not been included

- The projected 2013 aggregate cost is only 1.43% or $10.3M higher than the annualized short plan year costs



## Calendar Year 2013 City and County of San Francisco (City) Employer, Employee, and Retiree Premium Costs

Exhibit 13

| | 2012 (July 1, 2012 through December 31, 2012 annualized) | 2013 (January 1, 2013 through December 31, 2013) | Increase/ (Decrease) | Percent |
|---|---|---|---|---|
| **City Costs** | | | | |
| Kaiser HMO | $210,568,789 | $213,512,253 | $2,943,463 | 1.4% |
| Blue Shield HMO | 214,945,137 | 220,221,904 | 5,276,767 | 2.5% |
| City Plan | 47,381,423 | 48,002,758 | 621,335 | 1.3% |
| Subtotal Health and Vision Plan | 472,895,349 | 481,736,914 | 8,841,565 | 1.9% |
| Dental | 31,584,164 | 31,123,486 | (460,678) | -1.5% |
| Long Term Disability and Life Insurance | 6,729,515 | 4,784,845 | (1,944,670) | -28.9% |
| **Total City Costs** | $511,209,028 | $517,645,245 | $6,436,217 | 1.3% |
| **Employee and Retiree Costs** | | | | |
| Kaiser HMO | $21,591,712 | $21,223,163 | ($368,549) | -1.7% |
| Blue Shield HMO | 36,159,813 | 37,951,651 | 1,791,838 | 5.0% |
| City Plan | 12,094,777 | 12,285,682 | 190,905 | 1.6% |
| Subtotal Health and Vision Plan | 69,846,301 | 71,460,496 | 1,614,194 | 2.3% |
| Dental | 2,582,155 | 2,582,155 | 0 | 0.0% |
| Long Term Disability and Life Insurance | 70,777 | 61,240 | (9,537) | -13.5% |
| **Total Employee and Retiree Costs** | $72,499,234 | $74,103,891 | $1,604,657 | 2.2% |
| **Total Costs** | | | | |
| Kaiser HMO | $232,160,501 | $234,735,416 | $2,574,914 | 1.1% |
| Blue Shield HMO | 251,104,950 | 258,173,555 | 7,068,605 | 2.8% |
| City Plan | 59,476,200 | 60,288,439 | 812,240 | 1.4% |
| Subtotal Health and Vision Plan | 542,741,651 | 553,197,410 | 10,455,759 | 1.9% |
| Dental | 34,166,319 | 33,705,642 | (460,678) | -1.3% |
| Long Term Disability and Life Insurance | 6,800,292 | 4,846,084 | (1,954,208) | -28.7% |
| **Total Costs** | $583,708,262 | $591,749,136 | $8,040,874 | 1.4% |

- Total employer costs paid for by the City have increased 1.3% or $6,436,217
- Total City Employee and Retiree Costs have increased 2.2% or $1,604,657
- Total gross costs (Employer and Employee costs combined) for City employees and retirees have increased 1.4% or $8,040,874

# Board of Supervisors

Approval of Health Service System
Rates and Benefits for Plan Year 2013

Catherine Dodd, PhD, Health Service System Director
July 18, 2012





- Good News: Aggregate 1.4% Rate Increase
- Flex-Funding Blue Shield HMO
- Stabilizing Risk in 2013 with Blue Shield HMO Rate Stabilization
- Sustainable Benefits: More Work To Do

# Good News: 1.4% Aggregate Increase

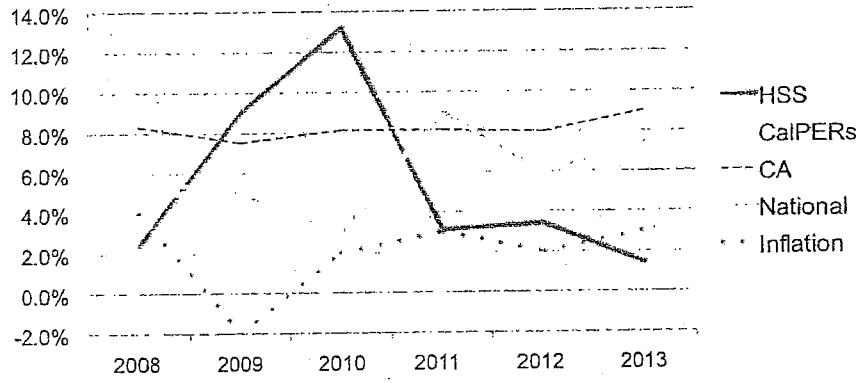
| | Members Pay | Employers Pay | Total Cost | Year over Year % Increase |
|---|---|---|---|---|
| Kaiser HMO | $25 | $273.5 | $298.5 | 1.09% |
| Blue Shield HMO | $43 | $264.6 | $307.6 | 3.05% |
| City Plan PPO | $15 | $59.8 | $74.8 | 1.31% |
| Dental Plans | $3.2 | $39 | $42.3 | -1.35% |
| LTD | $0 | $5.7 | $5.7 | -29.5% |
| Life | $0.1 | $0.3 | $0.4 | -15.35% |
| TOTAL | **$86.4** | **$642.9** | **$729.3** | **1.43%** |

Dollars in millions. Data for all employers: CCSF, SFUSD, SFCCD.



Board of Supervisors Budget Hearing July 2012

# Good News: 1.4% Aggregate Increase



## Good News: Dental, LTD, Life

2013 rates benefited from:

- Dental PPO co-pays adjusted to discourage utilization of out-of-network dentists ($591,00 annual savings).
- Competitive RFP resulted in new vendor (Aetna) for Long Term Disability and Group Life Insurance ($2.44M annual savings).





## Good News: Medicare Retiree Plans

2013 Medicare retiree plans benefited from:

- Increased federal reimbursements for Medicare Advantage (Kaiser and Blue Shield).
- Implementation of federal Employer Group Waiver Plan (EGWP) for City Plan PPO takes advantage of increased Medicare pharmacy subsidies (Affordable Care Act; $2.33M annual savings).
- HSS operations oversight ensures all Medicare-eligible members are Medicare enrolled.

# Good News: Kaiser

2013 Kaiser rates benefited from:

- Migration of families into Kaiser over past two years, lowering risk in this plan.
- Sunset of federal law linking federal employee health benefits (FEHB) to a group of employers that included HSS. (Previously Kaiser could not lower HSS rates without lowering rates for FEHB.)
- Detailed actuarial analysis allowed HSS to effectively negotiate with Kaiser.
- Formation of ACOs fostered competition with Kaiser.





# Good News: Blue Shield of California

2013 Blue Shield active employee/early retiree plans benefited from:

- Flex-funding for active employees and early retirees.
- Rate stabilization for families.
- Detailed actuarial analysis allowing HSS to effectively negotiate and drive adoption of cost-saving alternatives.

# Blue Shield Fully-Funded vs Flex-Funded

Many large employers, including CalPERS, are taking control of costs by moving to flex-funding.

| FULLY-FUNDED | FLEX-FUNDED |
|---|---|
| Risk analysis based on extended period in excess of most recent 12 months | Risk analysis based on previous 12 months of claims (better trends due to ACOs) |
| If claims are less than premiums BSC keeps money (incentive to raise rates) | If claims are less than premiums HSS Trust Fund keeps money |
| BSC holds all claim reserves and interest | HSS Trust Fund holds claim reserves/ interest |





# Blue Shield Fully-Funded vs Flex-Funded

| FULLY-FUNDED | FLEX-FUNDED |
|---|---|
| If claims are more than premiums Blue Shield pays | If claims are more than premiums HSS trust liability limited to $1M per claim max |
| Only providers and BSC have access to utilization claims data | HSS has increased access to claims, especially fee-for-service hospital bills |
| $312M aggregate premium cost | $297M aggregate premium cost |
| 15.64% aggregate premium rate increase for actives/early retirees compared to 2012 | 10.12% aggregate premium rate increase for actives/early retirees compared to 2012 |

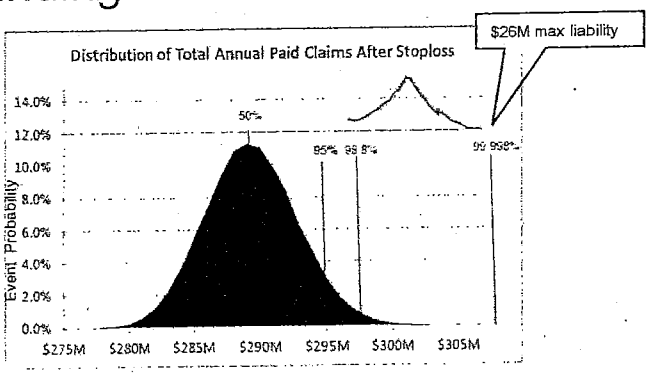
# Board Chooses Flex-Funded HMO

- HSS voted to apply money to trust fund reserves required for flex-funding to active and early retiree plans, instead of depleting trust by paying higher premiums to BSC for 2013.
- $7M in reserves established in 2013, with $31M reserve goal over next few years. Will be monitored monthly.
- If trust money was spent on higher premiums for fully-funded plan in 2013, it would be gone. Board would not have the resources to implement flex-funding (and attempt to build reserves) in the future.



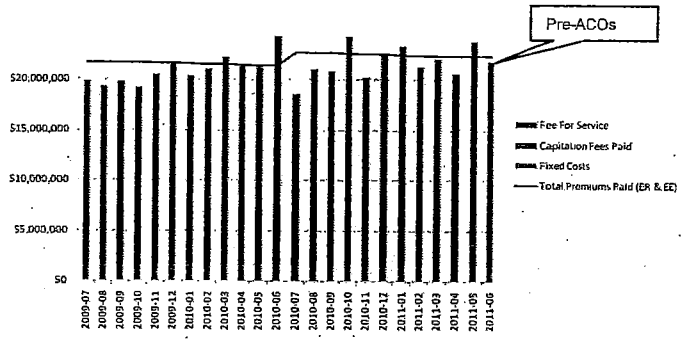


# Flex-Funding Financial Risk




Flex-funding risk without rate stabilization.

# Flex-Funding Financial Benefits




Aon Hewitt: Claims experience indicates HSS would have saved an average of $7.9M if HMO plan had been flex-funded in prior years.



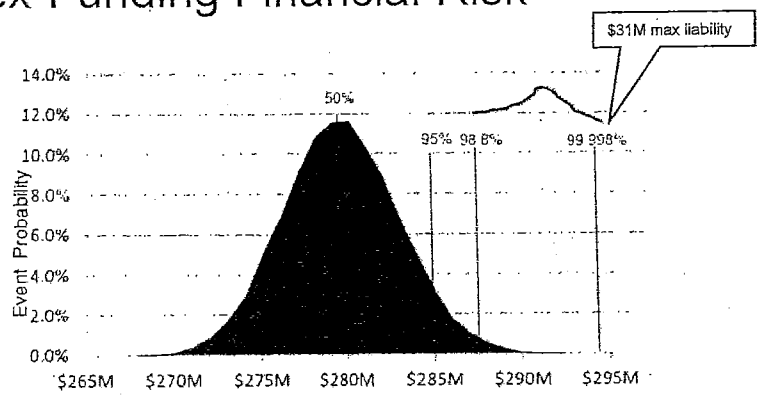


# Stabilizing Risk in Blue Shield HMO

Health Service Board also voted to apply $5 million in Blue Shield pledge credit money to stabilize employee and early retiree family Blue Shield premium rates in 2013.

- This is Blue Shield pledge credit funds–not taxpayer dollars.
- Rate stabilization lowered rate increase to about 4% for active and early retirees enrolled in Blue Shield. Board prevented a catastrophic migration out of Blue Shield, which currently has 43% of the membership (44,456 covered lives).
- Total aggregate cost for Blue Shield reduced to $287M, because reduced premium costs prevented migration.

# Flex-Funding Financial Risk




Flex-funding risk with rate stabilization.





# Flex-Funding Financial Risk

- With a fully funded plan, you pay higher premiums, at no risk. With flex-funding the Health Service System pays less, but assumes risk. If claims exceed premiums, the trust must pay.
- Actuary Aon Hewitt's analysis (with rate stabilization):
  - 98.8% probability claims will be below $287M (break even)
  - 95% probability claims will be below $284.7M (+$2.3M)
  - 50% probability claims will be below $279M (+$8M)
- The worst case scenario is that claims will exceed projections by $31 million. This is more than than is currently held in the trust. (No actuarial projections came close to this maximum liability.)

## Plan Migration, Risk and Premium Costs

- If 2,000 members move out of Blue Shield and enroll in Kaiser for family coverage, premiums for these individuals will cost $9.78M less, paid at the lower Kaiser rate.
- But the loss of these (younger, healthier) members would increase risk in the Blue Shield insurance pool, resulting in aggregate premium rates that are $10.4M higher.
- Total loss to employers and members = $1 million.





## Sustainable Benefits: More Work To Do

We are holding the line, but the "fire" of escalating healthcare costs is still burning. We need to use our power as the government and as the largest purchaser of healthcare to:

- Ensure fair competition in the local healthcare market for the long term. HSS can't effectively negotiate without market competition.
- Maintain a choice of affordable, quality plans (balanced risk pools).
- Take advantage of the momentum of federal healthcare reform.
- Increase employer purchaser access to claims and cost data.
- Incentivize employee and retiree wellness.
- Support changes in doctor and hospital payment systems so we are paying for quality outcomes not fees for service .